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Cayman Islands

Working paper prepared by the Secretariat

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I. General

1. The Cayman Islands[1] is a Non-Self-Governing Territory administered by the United Kingdom of Great Britain and Northern Ireland. The Territory is located some 180 miles west of Jamaica and about the same distance south of Cuba. It comprises three islands: Grand Cayman (76 square miles), Cayman Brac (15 square miles) and the adjacent and largely undeveloped Little Cayman (11 square miles). The capital, George Town, is located in Grand Cayman.

2. According to the Economics and Statistics Office of the Cayman Islands, the population of the Territory in 2006 was estimated at 51,992, a large increase from the 36,340 registered in 2004. The population increase is a result of the expansion in the labour force required by recovery efforts in the wake of Hurricane Ivan, which struck the islands in September 2004. In 2006, the population was 61 per cent Caymanian and 39 per cent non-Caymanian.[2]

3. The British Overseas Territories Act, which came into force in 2002 (A/AC.109/2002/2/Add.1), grants the right to full British citizenship to all inhabitants of the Territories and formally abolished the term "colony" and "dependent territory" in favour of "Overseas Territories". That law allows Cayman Islanders to hold British passports and work anywhere in the European Union.

II. Constitutional, legal and political issues

4. The Cayman Islands Constitution of 1959 was revised in 1972, 1992 and 1994. Under the Constitution, the Governor, who is appointed for four years by the British monarch, is responsible for external affairs, defence, internal security and the public service. The Constitutional Modernization Review Commission, appointed by the Governor in 2001, has made recommendations on changes in the Territory's political structure. Following the recommendations, the Executive Council has become the Cabinet, headed by the Governor, and both a Leader of Government Business heading the territorial Government and a Leader of the Opposition in the Legislative Assembly have been officially appointed.[3] The Cabinet is responsible for the administration of government. The Governor is the Chairman of the Cabinet, which comprises three members appointed by the Governor (Chief Secretary, Financial Secretary and Attorney General) and five members elected by the Legislative Assembly.

5. The Legislative Assembly comprises three official members designated in the Constitution and 15 members elected by universal adult suffrage for a period of four years. Since 1991, a Speaker is elected to preside over the Assembly. A proposal to allow the Legislative Assembly to function autonomously was put forward as a government motion on 6 November 2006 by the Chief Secretary, who reportedly stated that administrative autonomy of the Legislative Assembly was "long overdue". The new legislation would mean greater parliamentary independence, as

[1] The information contained in the present paper has been derived from published sources, including those of the territorial Government; and from information transmitted to the Secretary-General by the administering Power under Article 73 e of the Charter of the United Nations.

[2] See 2006 Labour Force Survey on the Cayman Islands Economics and Statistics Office website at www.eso.ky.

[3] See the Cayman Islands Government website at www.gov.ky.

parliamentary matters would be governed through a specially composed management commission. At present, all parliamentary matters go through the Cabinet.[4]

6. The judicial system is based on British common law, certain British statutes and local statute law. There is the Grand Court, with Supreme Court status, and the Summary Court, which includes criminal, civil, family, youth and coroner's court. Appeals lie with the Court of Appeal of the Cayman Islands and, beyond that, with the Privy Council in London.

7. The current Governor, Stuart Jack, arrived in the Cayman Islands on 23 November 2005, replacing Bruce Dinwiddy, who retired on 28 October 2005.[3] Prior to this appointment, Mr. Jack headed a team in the Cabinet Office of the United Kingdom.

8. As reported in the previous working paper (A/AC.109/2006/16, paras. 9-13), until 2000 there were no formal political parties in the Territory and loose groupings known as National Team, Democratic Alliance and Team Cayman acted as political organizations. Following the defeat of the National Team in the general elections held in 2000, a majority of the Legislative Assembly members formed a political party, the United Democratic Party (UDP), on 5 November 2001. The opposition formed a second party, the People's Progressive Movement (PPM), in 2002. Both main parties support greater autonomy over domestic issues than is currently enjoyed, and PPM has promised a referendum to decide the future constitutional status of the islands. In February 2005, the People's Democratic Alliance (PDA) was formed.

9. A general election was held on 11 May 2005. PPM won an unprecedented landslide victory over the incumbent UDP, winning 9 of the 15 seats in the Legislative Assembly.[5] UDP won five seats, and the newly formed PDA secured one seat. As a result, Kurt Tibbetts of PPM replaced McKeeva Bush of UDP as Leader of Government Business. The next general election is due to be held in 2009.

10. As previously reported,[5] progress in constitutional reforms was slow in 2005, though the Leader of Government Business announced the readiness of the Territory to resume discussions with the United Kingdom.[6] Formal talks between the Government and the United Kingdom recommenced in March 2006. A delegation from the British Foreign and Commonwealth Office made an exploratory visit to the Territory and suggested multiple changes to the 2003 draft Constitution, particularly to the section on the bill of rights. Mr. Tibbetts reiterated his support for a modernization process beginning with public consultations, to be followed by formal negotiations and ultimately a referendum.[7]

11. In his Throne speech,[8] the Governor of the Territory referred to the recent resumption of contacts with the United Kingdom on modernizing the Constitution. It was considered vital that, in that process, the people of the Cayman Islands were properly consulted, including possibly through referendum mechanisms. The Governor commended the territorial Government's measures directed at

[4] See Cayman Net News, 9 November 2006 at www.caymannetnews.com.

[5] See www.caymannetnews.com, 12 May 2005.

[6] See press release, 25 October 2005, at www.gov.ky.

[7] See Caymanian Compass, 26 March 2006, at www.caycompass.com. See also www.gov.ky.

[8] Throne speech delivered by Governor Stuart Jack on Friday, 28 April 2006.

strengthening public participation in the democratic process and in seeking to foster greater openness and transparency, such as the plan to introduce a freedom of information act. He saw human rights as moving properly into the mainstream of government and society.

12. In August 2006, the Leader of Government Business promised that a new constitution would be in place before the next general elections.[9] In February 2007, he announced the establishment of a new secretariat to make a fresh start for the constitutional review process in the Cayman Islands. The Constitutional Review Secretariat is expected to begin its work in March 2007.[10]

III. Budget

13. In his Government Overview speech,[11] the Leader of Government Business announced that the Government had embarked on a CI$ 332.2 million capital development programme for the next three financial years, to be funded by a combination of borrowing and cash generated by operating surpluses. The estimated capital expenditure for the financial year 2007/08 is CI$ 144.4 million, leaving a predicted operating surplus of CI$ 19.6 million.

14. According to the administering Power, the Government's fiscal balance improved during the period 2004/05. A surplus of CI$ 89.2 million or 4.6 per cent of GDP was recorded in 2005, in comparison to a deficit of CI$ 13.2 million in 2004. Consequently, the overall deficit declined from CI$ 41.7 million in 2004 to CI$ 1.7 million in 2005. The Government's accumulated debt stood at CI$ 172.9 million as at 2005 (9 per cent of GDP) and was 19 per cent greater than the balance of 2004.[12]

15. Under the ongoing three-stage public management reform process, the entry into force of the new Public Service Management Law and Regulations was postponed from 1 July 2006 until 1 January 2007 to allow for more consultations. The law constitutes the second stage of reform efforts, after the Public Management and Finance Law of 2001. In the future, a public authorities law will provide for the third segment of the reform exercise. All of the approximately 3,500 civil servants are affected by the reform process, which aims at decentralizing personnel management decisions and allows for performance-based assessments and incentives.[13]

IV. Economic conditions

A. General

16. The Cayman Islands has one of the highest standards of living in the Caribbean. According to the Cayman Islands Country Profile of 18 January 2007 of

[9] Economist Intelligence Unit, 29 September 2006 at www.viewswire.com.

[10] See www.caribbeannetnews.com, 20 February 2007.

[11] Government Overview Speech delivered by Leader of Government Business Kurt Tibbetts on 18 January 2007; see www.gov.ky.

[12] Information transmitted by the administering Power, 15 January 2007; see also www.eso.ky.

[13] See also www.caycompass.com.

the United Kingdom Foreign and Commonwealth Office, per capita GDP is US$ 39,801. The economy is based on tourism and on the islands' status since 1966 as an international offshore finance centre. The principal sources of government revenue are import duties, company, bank and trust licence fees, and stamp duties. There is no income tax, company tax or excise duty. Although imports outstrip exports by about 100 to 1, the trade gap is more than offset by earnings from the tourism and financial services sectors. The Cayman Islands' major trading partners are the United States of America, the United Kingdom and the Caribbean Community.[14]

17. Indicators for the first half of 2006 suggest that the Cayman Islands economy is on a growth path to achieving real GDP growth of over 4 per cent. The unemployment rate fell in 2006 to 2.6 per cent from 3.5 per cent in 2005.[15] Total imports grew by 36.4 per cent to CI$ 990.4 million in 2005, reflecting the demand for goods for reconstruction. Capital goods rose by 73.8 per cent, while intermediate goods, including construction materials, grew by 32.4 per cent. Imports of consumption goods increased by 19.3 per cent.[12] Work permits increased by 10.9 per cent, while the value of building permits jumped by 74.6 per cent. Inflation for the first half of 2006 averaged –0.5 per cent owing to the decline in housing costs.[16]

18. By the end of 2006, cost-of-living issues such as inflation had been acknowledged by the Government. On 12 January 2007, the Government announced an initiative to address those issues, initially with the collection of relevant information.[17]

B. Agriculture, fisheries and the environment

19. Agricultural activities, although limited by infertile soil, low rainfall and high labour costs, have nearly doubled over the past five or six years, with 10 large farms totalling over 100 acres. Agricultural products include bananas, tomatoes, lettuce, honey, mangoes, citrus fruits, various vegetables and coconuts. Livestock rearing consists of beef cattle, poultry and pigs. Agriculture constitutes approximately 1.4 per cent of total GDP.[18]

20. In March 2006, the Department of Environment launched the Cayman Islands Darwin Project, funded with a grant of US$ 350,000 from the Darwin Initiative. The study project has three main components: the creation of habitat maps for the marine and terrestrial environments using a combination of remote sensing and biological survey techniques; the development of a biodiversity action plan for the Cayman Islands, outlining a specific set of actions that need to be taken to preserve the diversity of life on the islands; and the provision of public education and outreach.[19]

21. On 21 June 2006, samples taken on 19 June from plants in George Town were confirmed by the Florida Department of Agriculture to be the pink hibiscus mealy

[14] See the Foreign and Commonwealth Office website at www.fco.uk.
[15] See the 2006 Labour Force Survey at www.eso.ky.
[16] See the Economic and Statistics Office's semi-annual report for 2006 at www.eso.ky.
[17] See www.caymannetnews.com, 17 January 2007.
[18] See CIA World Factbook at www.cia.gov/cia/publications/factbook/index.html.
[19] Information transmitted by the administering Power, 15 January 2007.

bug (*Maconellicoccus hirsutus*). For 12 years, the Cayman Islands Department of Agriculture had monitored its spread throughout the region, and worked to keep it from spreading to the Cayman Islands. Once its presence was confirmed, the Department launched its plan to combat the pest including a public awareness and education campaign that featured a hotline, brochures and televised announcements and outreach to industry partners, such as farmers, landscapers, garden maintenance companies and nurseries. During the early days of the infestation, Department staff cut, bagged and incinerated portions of the most heavily infested plants. By mid-July, biocontrol insects, the natural enemies of the mealy bug, such as certain species of wasps and ladybirds, were released. By the end of 2006, the wasps and ladybirds appear to have had the upper hand, while the Department continued to monitor closely the situation.[19]

22. Amendments to the National Marine Conservation Law were passed in January 2007 to regulate water sports activities involving the interaction of divers and snorkellers with marine life.[11] The bill designates the popular tourist attractions of Sandbar and Stingray City as Wildlife Interaction Zones. It also empowers fisheries officers to enforce control measures.

C. Tourism

23. The tourism sector accounts for approximately half of the GDP of the Cayman Islands and one third of employment in the Territory (see A/AC.109/2006/16). Air arrivals rose by 59.3 per cent to a total of 267,257 visitors in 2006, compared to 167,801 in 2005. The increase has begun to reverse the decline caused by Hurricane Ivan, though total air arrivals have still not returned to the pre-hurricane level of 293,517 in 2003.

24. According to the Minister of Tourism, Charles Clifford, the cruise industry has fully recovered from the impact of Hurricane Ivan. In 2006, cruise passengers numbered 1.9 million, reflecting a 7.3 per cent increase with respect to 2005 and exceeding the 2003 total of 1.8 million.[20]

25. In 2006, the Government launched a "Go East" campaign aimed at attracting more visitors to the eastern districts of Grand Cayman and developing more tourism-related business opportunities for residents, including in connection with historic sites such as Pedro St. James and Mission House in Bodden Town. The Ministry of Tourism established a business development committee, a special cross-agency incentives committee that will determine ways in which the Government can support and promote community-based tourism businesses in the eastern districts. In addition, the committee, together with working groups of community leaders serving on independent district committees, will make an inventory of existing businesses and meet with entrepreneurs to identify what assistance they need and help ensure that they are able to pursue the opportunities that are expected to arise through the initiative.[19]

26. In the western part of Grand Cayman, Boatswain Beach is evolving into a major tourist attraction, featuring a 1.3 million gallon snorkel lagoon; a freshwater theme pool; a predator tank; an education centre; a free-flight aviary; an iguana exhibit; tidal pools; 18 independently operated retail kiosks; a historic Cayman

[20] See www.caycompass.com, 24 January 2007.

street with local artisans; a number of food and beverage outlets; a nature trail; and a turtle farm. The damage suffered from two successive seasons of intense hurricanes, including Hurricane Ivan, pushed the project past its January 2006 opening date and increased its costs. Hurricane Ivan in particular increased the cost of raw materials, slowed shipments and the delivery of materials, and restricted the supply of both skilled and unskilled labour. The area is expected to attract some 495,000 visitors per year, mostly cruise-ship passengers.[19]

D. Financial services

27. The financial sector is one of the pillars of the Cayman Islands economy, and the Islands remain among the top international financial centres in the world.

28. According to the *2005 Annual Economic Report* of 27 September 2006[12] published by the Economic and Statistics Office, the Cayman Islands financial services sector continued to perform well during 2005. Increases were seen in insurance company licences (5 per cent), mutual funds (19.8 per cent), stock exchange listings (18 per cent) and stock exchange capitalization (41 per cent), as well as in new company registrations (14.8 per cent). The only exception was bank and trust licences, which declined by 5.3 per cent in 2005, owing to continued consolidation within the banking industry.[12] This positive trend continued in the first half of 2006; for instance, mutual fund registrations increased by 20.6 per cent. Hedge funds domiciled in the Cayman Islands passed the 8,000 mark in 2006.[21]

29. Changes to the Mutual Funds Law were enacted to improve certain aspects of business dealings for outside investors, including the introduction of innovative and market-leading electronic audit and electronic reporting procedures.[22]

30. With regard to the regulatory environment, the Chairman of the Cayman Islands Monetary Authority stated in 2006 that the principal international challenge for the Cayman Islands continued to be its engagement with standard setters and regulators to ensure that the legal and regulatory regime in the Cayman Islands was properly understood, recognized and accepted. Locally, the challenge was to set the legal and regulatory regime at the appropriate level.[23]

31. Compliance by the Cayman Islands with the European Union savings tax directive, which came into force in July 2005 (see A/AC.109/2006/16), has provided unexpected benefits for the Territory's fund industry. The vast majority of Cayman Islands funds were not negatively affected by the directive, and the jurisdiction has started to attract funds previously domiciled elsewhere because of the tax certainty provided by compliance with the European Union.[24]

[21] See www.prnewswire.com, 4 January 2007.
[22] See www.caribbeannetnews.com, 5 January 2007.
[23] See www.caymanfinances.com, 5 June 2006.
[24] See www.caymanfinances.com, 20 January 2006.

E. Infrastructure, construction and transport

32. A three-year capital development programme was initiated in 2007 (see para. 13 above). Highlights include the improvement of existing school facilities and the construction of three new high schools, the creation of a long-range transportation plan, investment in law enforcement facilities and a new government building.[11]

33. According to the aforementioned *2005 Annual Economic Report*, in the construction sector the value of building permits more than doubled, from CI$ 142 million in 2004 to CI$ 336.8 million in 2005, while the total value of planning approvals had for the first time exceeded the CI$ 550 million mark. In real estate, the total value of property transfers grew by 32.9 per cent, from CI$ 339.2 million in 2004 to CI$ 450.8 million in 2005, a result of a 32.2 per cent increase in the volume of transfers and a 5.3 per cent growth in the average value. In 2005, the latter reached CI$ 186,744.[12]

34. The road network of the Cayman Islands comprises approximately 785 km of roadways. The network has suffered extensive damage due to the severe hurricane seasons. In some areas along the coast, entire sectors of the road were washed away by storms.

35. International air services are provided between Grand Cayman and the United States, Canada, Europe, Jamaica, Honduras and Cuba through more than 108 flights per week. Major United States and British airlines operate regularly to and from the Territory, while domestic airline services and charters operate between the three islands.

36. The port of George Town is the main gateway for cruise ships carrying tourists to the Islands. The Cayman Islands are served by scheduled passenger liners and a number of locally owned or registered vessels that provide cargo services between the Cayman Islands and Miami, Tampa and Jamaica.

F. Telecommunications and utilities

37. As a leading international business centre, the Territory is dependent on telecommunications and utility services. According to the aforementioned *2005 Annual Economic Report*, the telecommunications sector had another strong performance during the fiscal year 2005/06. The total number of lines at the end of the year (110,656, or 2.11 lines per resident) reflected an increase of 14.9 per cent. Utilities consumption increased. Water usage expanded by 3.9 per cent, to 1,301.7 million gallons, while electricity consumption rose by 12.9 per cent to 427.7 megawatts per hour.[12]

V. Social conditions

A. Human rights

38. The Territory is subject to several major human rights conventions to which the administering Power has acceded, including the European Convention on Human Rights. The Cayman Islands is the only United Kingdom Territory without a

bill of rights. The 2003 draft Constitution includes provisions for a bill of rights, which was reviewed by the United Kingdom Government in March 2006 (see section II above). In a document presented to the Territorial Government, the United Kingdom Constitution Review Team recommended a strengthening of the provisions on individual rights so that they reflect more accurately key international human rights agreements that extend to the Cayman Islands. In its view, the agreements, which include the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights and the European Convention on Human Rights, were especially relevant because the Cayman Islands recently chose to accept indefinitely the right of individual petition to the European Court of Human Rights.[25]

39. With regard to international human rights instruments, all those extended to the Cayman Islands, including the Convention on the Rights of the Child, are being dealt with by the Cayman Islands Human Rights Committee. During the period 2006/07, the focus of the Human Rights Committee will be on better public awareness, investigation of individual cases and advice to government entities.[8]

40. In an effort to give effect to constitutional democracy by ensuring government accountability, transparency and public participation in national decision-making, the Government began to promote freedom of information legislation that would give members of the public access to official records. The process began in October 2005 when the Cabinet approved a bill for a law to give the public a general right of access to official documents, which was subsequently tabled as a discussion paper during the November sitting of the Legislative Assembly, followed by public consultation, a workshop for civil servants and further legislative review in 2006.[19] In that connection, the Cayman Islands participated in the workshop on freedom of information implementation in the Caribbean i. ld in Roseau from 27 November to 1 December 2006.[26] The Cayman Islands Legislative Drafting Department is currently revising the draft freedom of information bill for submission to the Cabinet and onwards to the Legislative Assembly by the end of March 2007 for debate and approval in the House.[27]

B. Labour and immigration

41. According to the survey covering the first half of 2006, the labour force of the Territory comprised 35,959 people, reflecting a recovery from the recent decline attributed to Hurricane Ivan. The number of working Caymanians was 18,303, while the number of non-Caymanians in the workforce was 17,656. The unemployment rate was 2.6 per cent, compared with 3.5 per cent in 2005.[2]

42. During the biennium 2006-2007, the Department of Employment Relations will undergo a technical review and its services will be upgraded in order to provide higher levels of proactive services to clients. A major focus for the Department will be occupational health and safety in all industries. For its part, the National Pensions Office will consult with the private sector with a view to amending existing legislation to provide for registration of offshore pensions.[8]

[25] See www.caycompass.com, 26 March 2006.
[26] See www.caribbeannetnews.com, 27 November 2006.
[27] See www.caribbeannetnews.com, 19 January 2007.

43. A new immigration law took effect in 2004 limiting foreign workers in the Territory to a stay of between six months and seven years, depending on the category of employment. The new law affected a large portion of the Caymanian workforce, as more than 50 per cent of workers are work-permit holders.[28] In September 2005, the Government of the Cayman Islands therefore decided to review certain provisions of the law related to work permits and the subsequent granting of permanent residence.[29] As at October 2006, that review was ongoing, as was opposition to the law among non-Caymanians. Some expatriates have called for the scrapping of the Term Limit Policy, also called the "rollover law", which was introduced in 2004.

44. A government-appointed committee has been reviewing the law to make it more "user-friendly" and to "iron out" anomalies in it, according to the Chairman of the Work Permits Board.

45. Amendments revising the Cayman Islands Immigration Law (2006 revision) have come into force, following the passage of the Immigration (Amendment) (No. 2) Bill, 2006, in the House in December and the Governor's assent. It was published in the Official Gazette on 21 December 2006. The 59-page law contains a number of changes to the existing 2003 Immigration Law, covering, inter alia, work-permit term limits, permanent residency, a new category of key employees and the prerogative of the Chief Immigration Officer to grant Caymanian status to certain categories of applicants. A number of amendments to the draft bill tabled on 13 September in the House resulted from public input to the discussion draft.

C. Education, culture and social affairs

46. Education is compulsory for all resident children who are between 4 years, 9 months, and 16 years of age. The public education system caters to about two thirds of Caymanian children, with the remainder attending fee-paying schools. The Government operates six primary schools, one middle school, two high schools and one alternative education centre on Grand Cayman, as well as three primary schools and one high school, which incorporates the middle school, on Cayman Brac. Tuition is free for Caymanians at those schools, but an annual book rental fee is charged. In addition, 10 private schools provide primary and/or secondary education. All private schools are monitored by the Education Department and receive grants from the Government. Two public institutions and one private school provide tertiary education. The Community College of the Cayman Islands is owned by the Government but is independently administered. The Cayman Islands Law School is also Government-owned, whereas the College of the Cayman Islands is private.

47. In November 2006, the Overseas Territories Minister announced that citizens from the Overseas Territories would benefit in 2007 from the home student fee rate at English universities.

48. In his Throne speech on 28 April 2006, the Governor stated that, following the comprehensive review by the National Education Conference and the unanimous approval of the legislature in 2005, the Ministry of Education was actively engaged

[28] See www.caymannetnews.com, 13 April 2005.

[29] See www.caymannetnews.com, 16 September 2005.

in the implementation of all strategies identified at the Conference, such as strengthening literacy, constructing new schools and creating innovative learning communities.

49. The governor also stated that, while focusing on traditional Caymanian culture, the Government would continue to support the work of the Cayman National Cultural Foundation and the National Gallery of the Cayman Islands. Support will also be given to the National Museum, which will aim to portray fully the impact of the diverse influences on the evolution of the Cayman Islands.[8]

50. The Department of Children and Family Services launched the National Parenting Programme in 2004, to provide parents with support, guidance and encouragement to develop positive and effective relationships with their children. The programme also encourages parents to be more accountable and responsible in their roles. Throughout 2005, programme staff held district meetings and developed links with various groups, including teenage mothers, parent-teacher associations, the Departments of Education, Youth and Sports, and Health Services, the Royal Cayman Islands Police Service, Government Information Services, the National Youth Commission, the National Drug Council and other stakeholders. District committees developed their own ways of bringing the message to the attention of parents; for example, the West Bay Committee canvassed door-to-door, providing information on nutrition and inviting parents to attend a workshop on managing the family budget. The Bodden Town Committee held informal backyard meetings.[19]

D. Public health

51. The Health Services Authority is responsible for the provision of all government health care, including public health services. In addition to general medical care, a wide range of specialist services are available locally. According to the administering Power, contraceptive services are provided free of charge, in addition to free antenatal service, which is already being provided for all residents irrespective of nationality. The Health Practitioners Board has responsibility for the registration of private practitioners. There is a 124-bed hospital in George Town, which includes a state-of-the-art, fully staffed accident and emergency room. There is also an 18-bed hospital on Cayman Brac and several district health centres and clinics. In 2000, there were 84 registered doctors and 14 dentists in the Territory. Health insurance is compulsory in the Cayman Islands.

52. According to the administering Power, a research programme launched in the fiscal year 2005/06 by the Health Services Authority was part of a long-term strategy to improve health care in the islands. An initial survey of the population will develop a Cayman Islands national health registry and provide a statistical baseline. This is expected to be used to improve the efficiency of health-care management by targeting risk groups. Moreover, a survey conducted annually will monitor disease trends and risk factors over time.[19]

E. Crime and public safety

53. Against a backdrop of growing crime and various problems with effective policing, in October 2005 a new police commissioner took office, pledging to build

trust and confidence in the Royal Cayman Islands Police Service through community-based policing while simultaneously targeting criminal elements.

54. During the biennium 2005-2006, a team of hand-picked specialist police officers from the United Kingdom joined the service; public meetings were held in all districts; roadblocks became a regular weekend feature to deter drunk driving; and programmes targeting illegal activity were started. For instance, "Operation Relentless" is aimed at arresting individuals involved in crime, targeting and disrupting organized and gang-related criminal activity, reducing crime and the fear of crime, and deterring potential criminals. Attention is also focused on illegal drug activities. In July 2006, the police reported a reduction of almost 16 per cent in serious crimes during the first six months of the year compared with the same period in 2005.[19] The positive trend in crime reduction continued throughout the year.[30]

55. According to the Leader of Government Business, the recently initiated capital development programme would invest in law and order and security development, including a fire station and police station in Bodden Town and the construction of a new court house.[11]

56. According to the Economic Crime Survey 2006 issued by the Cayman Islands Chamber of Commerce, Cayman-based companies lost CI$ 20 million because of economic crime and spent another CI$ 40 million to prevent such crimes.[31]

57. For the applicability of the United Nations Convention Against Corruption, see section VI below.

F. Disaster preparedness

58. As mentioned in the previous working paper (A/AC.109/2006/16, para. 56), Hurricane Ivan, which struck in 2004, was one of the worst ever natural disasters for the Cayman Islands, changing the way Cayman government agencies prepare for natural disasters. For instance, in January 2007, the Government launched a new agency, Hazard Management Cayman Islands, to help residents prepare for and recover from a variety of disasters. The agency is responsible for formulating plans to respond to natural or man-made disasters, ranging from the annual threat of hurricanes to oil spills and terrorism.[32]

59. In 2007, the Meteorological Office, the Lands and Survey Department and the National Hurricane Committee will begin using a new storm surge model called the Arbiter of Storm (TAOS). The model was presented by the developers from the Caribbean Institute for Meteorology and Hydrology in Barbados. In the Caribbean region, loss of life due to hurricanes has decreased while loss of property has increased, owing to the acceleration witnessed in property development in coastal zones. Given that tourism is a major industry for the Cayman Islands, however, coastal construction will continue.[19]

60. Moreover, the installation of off-site data replication systems, work stations and telecommunications equipment, and arrangements for an uninterrupted supply of currency are all measures the Cayman Islands Monetary Authority has taken to

[30] See www.caymannetnews.com, 17 January 2007.

[31] See www.caycompass.com, 26 June 2006.

[32] See www.caycompass.com, 18 January 2007; see also www.gov.ky.

strengthen its preparedness. Since May 2005, two facilities allow both daily automated and manual backup of critical data from the Authority.[33]

VI. Relations with international organizations and partners

61. The Cayman Islands is an associate member of the Caribbean Community. The Territory is a member of the Caribbean Development Bank, the International Olympic Committee, the Universal Postal Union and Interpol and an associate member of the United Nations Educational, Scientific and Cultural Organization.

62. As a Non-Self-Governing Territory of the United Kingdom, the Cayman Islands is associated with, but not a part of, the European Union. The Territory has yet to establish relations with the Economic Partnership Agreement of the European Union, from which it however receives emergency aid.[34]

63. At the Overseas Territories Consultative Council meeting held in London on 21 and 22 November 2006, the United Kingdom and the Overseas Territories represented at the Council, including the Cayman Islands, agreed in principle that the United Nations Convention against Corruption would be extended to the Overseas Territories at the earliest opportunity.[35]

64. The Cayman Islands are expected to be admitted as an associate member of the Caribbean Development and Cooperation Committee of the Economic Commission for Latin America and the Caribbean at its next ministerial session, to be held in January 2008.[36]

VII. Future status of the Territory

A. Position of the territorial Government

65. The resumption of contacts between the Territory and the United Kingdom aimed at modernizing the Constitution is referred to in section II above.

B. Position of the administering Power

66. In a speech delivered on 24 April 2006 while visiting the Turks and Caicos Islands, the Overseas Territories Minister took stock of the relationship between the United Kingdom and the Overseas Territories seven years since the 1999 White Paper (see A/AC.109/1991, annex), and reiterated the approach of the United Kingdom as follows:

> "As the White Paper made clear, the United Kingdom will always be ready to help any territory become independent where this is an option, and if that is the clear and settled will of the people. The United Kingdom has no desire for

[33] Information transmitted by the administering Power, 15 January 2007. Information also available from www.caymanfinances.com, 15 June 2006.

[34] See www.caribbeannetnews.com, 14 November 2006.

[35] See www.fco.gov.uk, 23 November 2006. The British Virgin Islands had already agreed to the arrangement and all the other Territories had signified their agreement in principle.

[36] Also the case of the Turks and Caicos Islands (see E/2000/47).

any territory to remain British against its people's wishes. We have no continuing colonial objectives.

"However, if the people of a territory wish to retain the British link, then the United Kingdom will continue to honour its responsibilities for it. But I am, and I should be, answerable to the United Kingdom Parliament for the territories. As long as the United Kingdom retains those responsibilities, it needs to be in a position where it can discharge them properly. And that means that the United Kingdom needs to retain a sufficient level of powers to do this.

"In this process, the Governor, who also represents the territory to the United Kingdom Government, has a vital role. He or she must ensure, in partnership with the territory Government, that high standards are maintained in key areas such as the public service, the police, the judiciary, finance, aviation and maritime security — indeed security generally — and human rights, in the interests of the peoples of the territory as a whole.

"In this context, it might be helpful if I set out the United Kingdom position on alternative forms of relationship, some of which I know have been discussed here in Turks and Caicos Islands in recent weeks. United Nations General Assembly resolution 1541 (XV) set out some options for the relationship between administering Powers and Territories, including independence, integration and free association. The United Kingdom did not vote in favour of that resolution, and does not regard itself as bound by it. Integration would mean the Turks and Caicos Islands or any of the other territories becoming a full part of the United Kingdom, like the Isle of Wight. It would mean that the people of the territory would have to pay United Kingdom taxes. And United Kingdom policy would apply in areas that have traditionally been the responsibility of the territory Government — for example education and health.

"I do not believe that this is an option that would find favour in the territories. Nor does it in the United Kingdom. The option of free association is also unacceptable. As defined by the United Nations, it would mean the territory drawing up its Constitution free from any outside involvement. The United Kingdom would retain all the responsibilities for the territory, but would not be able to ensure that it had the powers to enable it to fulfil these responsibilities. Ministers answerable to Government in Westminster cannot, and should not, put themselves in that position. So our aim is to work for a relationship with the territory Government which satisfies the needs of both sides."[37]

67. Moreover, in a statement delivered at the meeting of the Special Political and Decolonization Committee (Fourth Committee) on 5 October 2006 during the sixty-first session of the General Assembly, the representative of the United Kingdom stated that the criteria used by the Special Committee of 24 in its deliberation on whether a Non-Self-Governing Territory should be de-listed were outdated and failed to take account of how relations between the United Kingdom and its Overseas Territories had been modernized, in a way that was acceptable to both parties.

[37] The entire speech is available from www.fco.gov.uk.

C. Action taken by the General Assembly

68. On 14 December 2006, the General Assembly adopted resolutions 61/128 A and B by 173 votes to none, with 4 abstentions. Section V of resolution 61/128 B concerns the Cayman Islands.

United Nations A/AC.109/2007/3

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Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

British Virgin Islands

Working paper prepared by the Secretariat

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I. Background information

1. The British Virgin Islands[1] is a Non-Self-Governing Territory administered by the United Kingdom of Great Britain and Northern Ireland. The Territory is located about 100 kilometres east of Puerto Rico and 25 kilometres from the United States Virgin Islands. The Territory comprises an area of 153 square kilometres, a group of some 50 islands, islets and cays that form an archipelago with the United States Virgin Islands, scattered over some 3,445 square kilometres of sea.[2] Twenty of the islands are inhabited. The capital city, Road Town, is located on the largest island, Tortola. The other major islands are Virgin Gorda, Anegada and Jost Van Dyke. As of July 2006, the population of the Territory was estimated at 23,098.[3]

2. The earliest known inhabitants of the Territory were the Arawaks and the Caribs, indigenous people of the region. The Dutch established the first permanent European settlement on the islands in 1648. In 1666, British planters took control of the islands and the Territory attained the status of a British colony. The planters were granted civil government, constitutional courts, an elected House of Assembly and a partly nominated Legislative Council, which first met in 1772. In 1872, the islands became part of the Federation of the Leeward Islands. In the 1930s and 1940s, British Virgin islanders demanded greater self-governance, which led to the Territory becoming a separately administered colony in 1956.

II. Constitutional, political and legal issues

3. The British Virgin Islands Constitution, formulated with local input, was adopted in 1967 and amended in 1976 and 2000.[3] It is currently being renegotiated.

4. The administering Power appoints a Governor with responsibilities for defence, internal security, external affairs, public service and the administration of the courts; the Governor retains legislative powers as necessary to exercise special responsibilities. The Executive Council consists of the Chief Minister (appointed by the Governor from among the elected members of the unicameral Legislative Council), who has responsibility for finance, three ministers (appointed by the Governor on the advice of the Chief Minister) and one ex officio member (the Attorney General). The Governor is the Chairman of the Executive Council and must consult with it in the exercise of his duties. The Legislative Council consists of a Speaker, the Attorney General as an ex officio member and 13 elected members (9 members from one-member electoral districts and 4 members representing the Territory at large).

5. There are four political parties in the Territory: the Virgin Islands Party (VIP), founded in 1971;[4] the United Party (UP), founded in 1966;[5] the Concerned Citizens' Movement (CCM), founded in 1994 as a successor to the Independent People's

[1] The information contained in the present working paper has been derived from published sources, including those of the territorial Government, and from information transmitted to the Secretary-General by the administering Power under Article 73 *e* of the Charter of the United Nations.

[2] See www.thecommonwealth.org; www.redensigngroup.org.

[3] See www.cia.gov/cia/publications/factbook.

[4] See www.viparty.com.

[5] See www.islandsun.com/crono71498.html.

Movement; and the National Democratic Party (NDP), founded in 1998.[6] General elections must be held at least once every four years. Candidates are elected based on a simple majority. Persons voting must be 18 years of age or over and have "belonger status", a term which the Constitution applies to a person deemed to belong to the Territory. It is estimated that some 45 per cent of the population has "belonger status", which includes the right to work without a permit and the right to vote. As was reported in previous working papers, the British Overseas Territories Act 2002 granted the right of full British citizenship to all inhabitants of its Territories.[7]

6. At the last general elections, which were held in 2003, NDP won 8 of the 13 seats on the Legislative Council and subsequently formed the Government with Orlando D. Smith as Chief Minister. The next general election is scheduled to be held in September 2007.

7. The Governor of the British Virgin Islands, David Pearey, took office on 18 April 2006.

8. The law of the British Virgin Islands comprises common law of England, locally enacted legislation, and imperial legislation. Justice is administered by the Eastern Caribbean Supreme Court, based in Saint Lucia, which consists of two divisions: the High Court of Justice and the Court of Appeal. There are two resident High Court Judges, and a visiting Court of Appeal, which comprises the Chief Justice and two judges of appeal and sits twice a year in the Territory. There is also a Magistrate's Court, which hears prescribed civil and criminal cases, as well as a Juvenile Court and a Court of Summary Jurisdiction. The United Kingdom Privy Council is the final court of appeal.

9. As previously reported,[7] in response to a decision in 2001 by the United Kingdom Government to invite Territories to review their respective Constitutions, in April 2004 the Chief Minister of the British Virgin Islands launched a nine-member Constitutional Review Commission.[7] The Commission completed its work and presented the report of the Constitutional Commissioners in 2005. The report was received by the Executive Council.[8]

10. The enactment of changes recommended by the Constitutional Review Commission was to be negotiated between the Government of the Territory and the United Kingdom Foreign and Commonwealth Office, and required the approval by the United Kingdom Privy Council.[9] In February 2006, a constitutional negotiating team was named to represent the Territory in discussions with the United Kingdom.[7]

11. Constitutional negotiations between the British Virgin Islands and the United Kingdom commenced in March 2006 and continued in June and October, dealing with core issues such as the role and responsibilities of the Governor, duties of the Attorney General, inclusion of a chapter on human rights in the Constitution, the establishment of a Cabinet system of government and the establishment of a National Security Council. In the course of the year, several public meetings were held on proposed fundamental human rights provisions. Moreover, it is expected that the negotiations will resolve whether the Governor will still remain as

[6] *The Island Sun*, 26 September 2003.

[7] See A/AC.109/2006/12.

[8] Information transmitted by the administering Power, 8 January 2007.

[9] The Economist Intelligence Unit, *Country Report*, December 2005 (www.eiu.com).

Chairman of the Executive Council; the police and the civil service will be removed from under the jurisdiction of the Governor; the Deputy Governor will become the head of the civil service; the post of Solicitor General will be a constitutional post; and the Attorney General should still sit in the Executive Council.[10]

12. In connection with these negotiations, the Chief Minister said, in his June 2006 State of the Territory address, that "our amended Constitution will ... establish[ing] a more appropriate balance of authority between the United Kingdom and our local Government."[11]

13. Kedrick Pickering, representative of the Chief Minister of the British Virgin Islands at the United Nations Pacific regional seminar on decolonization, held in Yanuca, Fiji, from 28 to 30 November 2006, shared information on the aforementioned negotiations with the participants. Mr. Pickering informed the seminar about the high level of engagement of all parties in the constitutional reform process under way and the progress made with the administering Power in that regard. The territorial Government's efforts essentially focused on decreasing the power vested in the Governor and on promoting conditions for good governance. In addition, he noted, the consultations carried out in the context of the constitutional process had clearly shown that in the British Virgin Islands there was no interest in seeking independence. In that connection, Mr. Pickering noted that the Caribbean Territories administered by the United Kingdom were doing extremely well, and that many among their populations questioned whether there was anything to be gained from becoming independent. He then went on to say that, against the backdrop of that new dynamic, it might be time for the Special Committee of 24 to rethink the concept of "self-determination" and to broaden the three options contained in resolution 1541 (XV) to include other alternatives, for certain Territories and on a case-by-case basis.

14. A draft text of the new Constitution is expected to be ready for the constitutional negotiating team's next round of talks with the United Kingdom in early 2007.[8] According to the media, the final round of talks is to take place from 26 February to 2 March 2007. In February 2007, the Chief Minister and the Deputy Chief Minister went to London for constitutional negotiations with the United Kingdom Government.[12]

15. On 1 March 2007, Chief Minister Orlando Smith, speaking in London at the end of the fourth round of constitutional talks with a United Kingdom delegation headed by Lord Triesman, said the Territory's negotiating team had achieved 95 per cent of the proposals for a modern constitution for the people of the British Virgin Islands. The new constitution would include a human rights charter. On the issue of a Cabinet system of government, the Chief Minister said that while the British Virgin Islands team recognized that the Governor should still be a member of the Cabinet, the United Kingdom team agreed that there should be a sharing of responsibility. For instance, setting the agenda of the Cabinet (currently the Executive Council) would no longer be the province of the Governor alone. It was agreed that the Premier would set the agenda of the Cabinet, and the exercise of that

[10] See www.caribbeannetnews.com, 12 September and 26 October 2006; information transmitted by the administering Power, 8 January 2007; www.caribbeannetnews.com, 24 January 2007.

[11] Chief Minister Orlando Smith, OBE, 3rd annual State of the Territory address, 21 June 2006 (see http://dpu.gov.vg).

[12] See www.caribbeannetnews.com, 24 January 2007.

power would not be subject to the veto of the Governor or any other person. Moreover, the Chief Minister said that he was satisfied with the decision that there would be a sharing of responsibilities in the areas of external affairs and internal security through the establishment of a National Security Council. The Council would comprise senior Government members, as well as the Governor, who would oversee all matters relating to the police and security. For the first time, the Government of the British Virgin Islands would have a direct say in how the Territory is policed, and the Governor would be obliged to act on the advice of the Council.[13]

III. Budget

16. On 7 November 2006, the Minister of Finance, Ronnie W. Skelton, delivered the territorial Government address on the budget for 2007 to the Legislative Council. Quoting from the Foreign and Commonwealth Office and the Oxford Policy Management annual economic update report for 2006 on the British Virgin Islands, dated September 2006, the Minister said that the public sector finances were strong. The Government of the British Virgin Islands expected a recurrent surplus of nearly $30 million in 2006, most of which would be contributed to capital expenditure. The Government was in control of its debt situation, well within the guidelines agreed with the United Kingdom Government. The 2006/07 budget, over $254 million, from taxes and fees, would be devoted to meet the needs of a modern economy, particularly in the areas of infrastructure, transportation, telecommunications, electricity, water and sewage, ports and postal service.[14]

IV. Economic conditions

A. General

17. The economy of the Territory is based on tourism and offshore financial services, which contribute more than 70 per cent of the gross domestic product (GDP).[15] The currency used in the British Virgin Islands is the United States dollar.[16]

18. In his State of the Territory address given on 21 June 2006, the Chief Minister stated that the economy of the British Virgin Islands was growing more quickly than at any time in the Territory's 50-year history. The rise in GDP and the per capita income in 2005 of over $37,000 put the British Virgin Islands at the forefront of the entire eastern Caribbean.[11] The Chief Minister further stated that, in the foreseeable future, the Territory's economic strength would continue to depend on services provided competitively, particularly in the tourism and financial services sectors. The Territory's economic base beyond tourism and financial services had to include thriving small businesses owned by local people. To increase efficiency in the public sector, the Chief Minister called for a new culture of productivity.

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[13] See www.caribbeannetnews.com, 1 March 2007.

[14] See www.dpu.gov.vg.

[15] See www.bvi.org.uk/british_virgin_islands.asp.

[16] See www.bvi.org.uk, facts and figures.

19. The local private sector would be supported and strategies explored to create jobs in high-paying professional service industries other than financial services, such as customer service centres, high-tech research facilities and other value-added functions, and to create a more stable flow of visitors tapping into new markets like medical tourism, sports tourism and ecotourism in unique ecosystems such as in Anegada.[11]

20. Speaking on 7 November 2006 to the Legislative Council, the Minister of Finance noted that in 2005 the British Virgin Islands recorded growth of 5.75 per cent of GDP and projected a growth rate for 2006 of approximately 7.2 per cent of GDP.[14]

21. As previously reported, the principal trading partners of the Territory are the United States of America, Puerto Rico, countries members of the Caribbean Community (CARICOM) and the United Kingdom. Imports consisted mostly of food, machinery and fuel.[7]

B. Agriculture, fisheries and shipping

22. Agriculture and fishing account for just 1.1 per cent of GDP, and most food requirements are imported. Around 800 hectares are under cultivation and 4,000 hectares in pasture. The main crops are fruit and vegetables, which are produced both for local consumption and for export to the United States Virgin Islands. Fishing mainly serves the local market.[17]

23. The two main types of fisheries in the Territory are small-scale (commercial) and recreational fisheries. There is also the offshore longline pelagic fishery with only one longline vessel in operation. Commercial fisheries comprise about 300 boats, with 50 per cent of the fishers owning their fishing gear. Most fishers market their own catch at various places within the Territory, with an appreciable number of them selling their catch directly to hotels and restaurants and a small number to the British Virgin Islands Fishing Company.[18]

24. The Virgin Islands Shipping Registry has been launched as a new department of the territorial Government, which will enable the registration of larger vessels, "category one" of the Red Ensign Group.[19] Furthermore, according to the Chief Minister, the British Virgin Islands Community College began in 2005/2006 offering training for people interested in becoming sea captains of commercial ferry vessels.[11]

C. Construction planning and development

25. Physical planning in the British Virgin Islands is governed by the Physical Planning Act of 2004, which was enacted in 2005. Authority is vested in the Chief Minister and the Planning Authority. The Town and Country Planning Department is

[17] The Economist Intelligence Unit (see www.eiu.com), 16 October 2006.

[18] *FAO Fisheries Report No. 729*, Food and Agriculture Organization of the United Nations, Subregional Office for the Caribbean, Rome, 2004.

[19] See www.caribbeannetnews, 4 October 2006.

the operative arm of both the Ministry and the Planning Authority. All development in the Territory requires approval from the Planning Authority.

26. A territorial plan documents developed areas in the Territory, with the aim of determining land use activities and identifying undeveloped areas. At present, there are 17 local area plans that portray existing conditions with statistics, maps using geographic information systems data, and development options covering a range from mixed use development, resort residential development, agricultural lands, mega yacht facilities, and designating safe places for jet skis use. Three additional local area plans are under preparation.

27. Critical issues the Authority must contend with are parking arrangements, improper hillside development, sedimentation and land use compatibility. During the period under consideration, the Inspectorate served over 20 compliance notices and had three cases going before the court. On average, the Authority processes 350 development, 170 subdivisions and approximately 30 other applications in a given year.[8] Information on related action taken by the Government can be found below in section V, under public works.

D. Tourism

28. Rich vegetation, unspoiled beaches, yachting marinas and fine coral reefs make the British Virgin Islands a natural tourist destination. "High-end" tourism continues to be an important economic sector for the Territory, which accounts for about 45 per cent of its income.[15] There were 205,148 stopover tourist arrivals in the first half of 2006, an increase of 2.2 per cent over the previous year. Cruiseship passenger arrivals rose by 6.1 per cent, to 276,525.[20]

29. Working to ensure that the tourism sector will continue to draw the high-end traveller who makes the Territory's industry thrive, according the Chief Minister, the Government signed development agreements with major investors and assigned a liaison officer in the Chief Minister's Office to oversee their implementation. The aforementioned Town and Country Planning Department plays a major role in implementing the agreements by facilitating the review and approval process. Moreover, under the leadership of the Tourist Board, international tourism marketing efforts were being overhauled and investment in tourism facilities continued, including at Brandywine Beach.[21]

E. Financial services

30. The provision of international financial services is the second pillar of the economy of the British Virgin Islands. Fees from these services bring in more than half of the Government's revenue. The British Virgin Islands was one of the first Territories to adopt legislation allowing registration of international business companies.

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[20] See www.eiu.com, *Country Report*, December 2006.

[21] Chief Minister Orlando Smith, 3rd annual State of the Territory address, 21 June 2006 (see http://dpu.gov.vg); information transmitted by the administering Power, 8 January 2007.

31. According to the Chief Minister, the British Virgin Islands was first in the world in the area of company registration, with some 57,000 new companies registered in 2005; the world's second leading domicile for hedge funds, with more than 2,000 funds operating from within the Territory; and the world's fourth leading captive insurance domicile. To promote this sector further, the Territory's "road show" programme visited Geneva, Zurich, Hong Kong and Shanghai. At the same time, the Government worked to encourage more islanders to enter the sector; motivate students to train in it; and ensure that local legislation continues to meet international standards and protect the integrity of the jurisdiction.

32. Moreover, in 2005-2006, a new International Affairs Secretariat was established to help the financial services sector of the British Virgin Islands build relationships with leaders and institutions around the world, represent the interests of the Territory in international forums, and provide Government with early-warning on related international developments.[11]

F. Transport and communications

33. The British Virgin Islands has approximately 201 kilometres of surfaced roads.[22] Direct shipping services operate from the United Kingdom, the United States of America and the Netherlands. A deepwater harbour exists in Road Town. Regular ferry service links Tortola with some of the other islands and with St. Thomas of the United States Virgin Islands. There are three international airports in the British Virgin Islands. Fifteen airlines serve the Territory.

34. Major road improvement projects from Anegada to Jost Van Dyke were being carried out in 2006, including the construction of an alternate road from MacNamara to Joe's Hill, the surfacing of unpaved roads on Anegada and the completion of repair work across the Territory stemming from the rains three years ago. The airport on Virgin Gorda operated under a conditional licence and work was under way on a seaplane facility at Gun Creek. A comprehensive development plan for all the ports in the Territory was being implemented, starting with Virgin Gorda, where a new dock was being constructed.[11]

35. The British company Cable and Wireless provides basic telephone services in the Territory under a contract that will expire in 2007. Following the territorial Government's decision not to renew its exclusive licence and to promote a competitive market, the Territory's telecommunications system is being modernized. The Legislative Council voted into law the Telecommunications Act of 2006. Concerns about the telecoms reform exercise were expressed and, in the view of the Chief Minister, addressed so as to neither enrich nor harm any existing telecoms providers and to protect the consumer. The British Virgin Islands is the only Territory in the Caribbean to have a telecommunications company owned by the people.[11]

[22] See www.eiu.com, Country Profile, 16 October 2006.

V. Social conditions

A. General

36. Public assistance is provided for those who need it through the Social Security Board, a statutory body that falls under the Ministry of Finance. It provides for sickness and maternity benefits, as well as pensions. According to the administering Power, the Social Development Department has a number of programmes, which include Elderly and Disability Services, Family and Children Services, Rainbow Children's Home, Social and Legal Aid, and Community Development. For instance, during 2005-2006, a new senior citizens' centre in Road Town was completed. Work on the centre in Cane Garden Bay was continuing, with the hope to complete it by mid-2007.[11]

37. In his 2006 annual address, the Chief Minister stated that, from 1991 through 2001, the population grew by 38 per cent. Immigration from around the region and the world required a controlled process that is orderly, dignified and fair. The first comprehensive immigration reform in a generation had been passed and was to be complemented, in the coming year, with a new labour code, which would ensure that the needs of the economy are met and the legitimate rights of all are preserved.[11] At the same time, steps are being taken to increase surveillance operations; introduce holographic work permit IDs; and tighten the Territory's visa requirements.[23] A visa regime for Jamaican nationals will become effective in April 2007.[24]

B. Labour

38. The labour force of 15,518 workers (2004) is engaged primarily in tourism (25 per cent), government employment (21 per cent) and construction (10 per cent).[25] According to the Government Development Planning Unit, the unemployment rate in the British Virgin Islands was 3.56 per cent for the period 1999-2004.[22]

C. Education, youth and sports

39. Education is free and compulsory in the British Virgin Islands for children between the ages of 5 and 11 years. There are 18 public and 11 private primary schools in the Territory, on Tortola, Anegada, Virgin Gorda and Jost Van Dyke. Secondary education, "A" level (from 12 to 16 years), is also free. There are three high schools (one private and two public). In 2006, a new high school was being constructed at Paraquita Bay.[11] There is a community college at Road Town, the H. Lavity Stoutt Community College, which as of 2006/07 has offered free tuition.[26]

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[23] See www.caribbeannetnews.com, 12 October 2006, 29 November 2006 and 21 February 2007; BBC CARIBBEAN.com, 10 January 2007.

[24] See www.islandsun.com, 7 February 2007; www.caribbeannetnews.com and www.dgo.gov.vg, 23 February 2007.

[25] See http://www.dpu.gov.vg/Indicators/tourism/TourismSummary.html.

[26] See www.caribbeannetnews.com, 4 August 2006.

40. The United Kingdom announced that citizens from the Overseas Territories will benefit from next year (2007) from the home student fee rate at English universities.[27]

41. Under the "national curriculum project", substantial modernization of the educational system is an ongoing process that includes the revision of teaching materials and teacher training,[11] as well as newly established partnerships between colleges and universities on a regional and international basis.[28] Major steps comprise the increase by 50 per cent of British Virgin Islands scholarship grants for higher degrees abroad[11] and the supply of new computers to every school in the Territory under the computerization programme.[11] Language arts, mathematics and integrated science materials are currently being field-tested and the educational standards for the remaining subjects are to be elaborated.[8]

42. The Department of Youth Affairs and Sports, which will celebrate its third anniversary in May 2007, works with sports organizations to improve their capacity in administration, event-hosting, fund-raising, international networking and athlete development. Major achievements of the Department are the publication of the first official BVI Youth Magazine, *The Buzz BVI*, which aims to foster cultural and historic awareness; and partnering with stakeholders to host the first ever BVI Territorial Youth Games in May and the first ever BVI Youth Achievements and Recognition Awards Programme in June of 2007. Furthermore, the Department plans to launch a youth-oriented television programme in early 2007.[11]

43. In terms of legal developments, the Children and Young Persons Act of 2005, providing for the protection of children and young persons and for related matters, entered into force on 1 November 2006.[11]

44. By mid-2006, British Virgin Islands had opened its first public tennis court, and nearly completed the A. O. Shirley Recreation Grounds. The Grounds are currently in the process of being certified as international track and field locations.[11]

D. Public health

45. The territorial Government is the major provider and source of funding of health services. The Territory has one 44-bed public hospital (Peebles Hospital), one referral health centre at Road Town and a network of 10 district clinics, as well as two health posts. Private health care is provided by one hospital (Bougainvillea Clinic), three dental surgeries, and four medical complexes, of which three are located on Tortola and one on Virgin Gorda.

46. During 2005-2006, the construction of the hospital annex was completed and the first CAT scan machine was installed with the support of the Social Security Board. Work on a new helipad was completed, and a $63.9 million contract to build a new public hospital was signed.[29]

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[27] See www.fco.gov.uk, 23 November 2006, Lord Triesman, Overseas Territories Minister, eighth meeting of the Overseas Territories Consultative Council (OTCC) on 21 and 22 November 2006.

[28] See www.bbc.co.uk/caribbean/news, 21 November 2006; eighth meeting of the Overseas Territories Consultative Council on 21 and 22 November 2006; see www.fco.gov.uk, 23 November 2006.

[29] Information transmitted by the administering Power, 15 January 2007; see also www.caribbeannetnews.com, 19 and 24 January 2007.

47. Furthermore, work began with a team of experts from the University of the West Indies to build a national health insurance programme.[11] A feasibility study for its development was commissioned in 2006, and the insurance programme is currently being designed. Improvements in the regulatory framework are also expected.[30]

48. Some 53 physicians actively practiced in the territory during 2005, of which 31 are employed in the public sector and 22 in the private sector. Eighty-two physicians in total were registered to practice in the British Virgin Islands during the reporting period. The public/private ratio for the registered seven dentists in the British Virgin Islands is 1:6. For the registered 119 nurses the ratio is 107:12.[31] According to the administering Power, health services are almost entirely financed from the Consolidated Fund.[7]

49. In accordance with the 1976 Public Health Act, which is the statutory framework for protecting and promoting the population's health, Government health services are provided free at the point of use to certain groups, such as full-time schoolchildren, nursing mothers, the elderly, the mentally ill, health workers, firefighters, the police, prisoners and prison officers. In 2005, the British Virgin Islands Health Services Authority Act was passed, establishing the British Virgin Islands Health Services Authority Board, which manages all public health-care delivery services.[31]

50. In terms of disease conditions at the end of 2006, 82 AIDS-infected persons have been reported to the Ministry of Health and Social Development. Twenty-seven persons have died. There are 55 persons between the ages of 19 and 66 years residing in the British Virgin Islands with the HIV infection. The male to female ratio, which was 2:1 over the past years, was found to be 1:1. The predominant mode of transmission of the disease was thought to be heterosexual transmission. Through vigorous negotiations and interventions by the national HIV/AIDS programme, antiretroviral therapy, although not free of charge, is currently much more accessible and affordable to persons living with HIV/AIDS than in previous years. Moreover, chronic non-communicable diseases, mainly diabetes and hypertension, contribute significantly to morbidity and mortality of adults.[31]

E. Public works

51. Economic growth requires certain basic conditions in the British Virgin Islands, which, according to the Chief Minister, have to be met, including the basic utilities of water and electricity. For instance, as electrical supply continued to be a serious problem, the BVI Electricity Corporation was authorized to purchase a set of four new engines. Also, improvements to the water and sewerage system moved forward, including the installation of over 3,500 feet of sewers and house connections in the East End/Long Look area alone, for which the purchase of a new sewage treatment plant had been approved. Further improvements were being made to the sewer system in Road Town and throughout the Territory.[11]

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[30] Information transmitted by the administering Power, 15 January 2007; see also www.caribbeannetnews.com, 17 January 2007.

[31] Information transmitted by the administering Power, 15 January 2007.

52. As previously reported, the Water and Sewerage Department of the Territory has about 8,000 customers who are provided water from 10 active reservoirs and 8 desalination plants. The plants are owned by three private companies, from which the Government buys the water.[7]

53. A new desalination plant on Anegada was 50 per cent complete by mid-2006. Moreover, the Government intended to move forward with comprehensive legislation to govern the Territory's water and sewerage systems.[31]

F. Crime and public safety

54. During the early 2000s, the increased level of crime in the Territory became a matter of concern and, at the beginning of 2005, was brought to the attention of the Legislative Council. The subsequent discussion brought to light the inadequacy of the legal framework, law enforcement and criminal justice system in the Territory.

55. Against the backdrop of recent legislative efforts to improve the Territory's approach to young offenders, the Youth Courts Act of 2005 came into force on 1 November 2006.[32] In this connection, Youth Courts Order No. 85 of 2006, under section 2(1) of the Youth Courts Act, was issued by the Executive Council on 1 December 2006, establishing Youth Courts in the islands of Tortola, Virgin Gorda, Anegada and Jost Van Dyke. It identified the places and the time of the sittings and the basic constitution of the Youth Court. A panel of five assessors was appointed and at least one assessor is to sit with the Magistrate at each sitting. The Order also revoked the Juvenile Court Order of 1962, and the Juvenile Courts (Places of Sittings) Order of 1971. The first sitting of the Youth Court was scheduled for January 2007 in Road Town and Virgin Gorda.

56. Moreover, the Criminal Justice Act of 2005, which entered into force on 1 November 2006, provides for the Executive Council to establish certain institutions, such as an attendance centre, a youth custody and training centre, a drug rehabilitation and after-care centre, and any other institution for the punishment and rehabilitation of offenders. Such institutions are expected to be operational in due course.

57. On a wider issue, the Anti-Discrimination Act of 2001, which makes discrimination unlawful on racial grounds and in other matters relating to the treatment of persons, came into force on 15 November 2006.[8]

58. In terms of law enforcement developments during 2005-2006, according to the Chief Minister, the Government put in place a seven-point plan for improved police protection to help eradicate violent crime from the Territory. That has led to a modest increase in arrests and a decrease in violent crime.[11]

59. In a joint statement the Governor and the Chief Minister said that ensuring the safety and security of the community is the highest priority of the Government, and presented a strategy to combat criminality, including personnel and other changes at the Royal Virgin Islands Police Force. Moreover, efforts to update the Police Act are under way.

[32] See www.caribbeannetnews.com, 6 December 2006.

VI. Environment

60. The environmental impact assessment requirement under the aforementioned Physical Planning Act of 2004 was applied to several development applications during the reporting period. Major projects included in the process were Scrub Island Development; Beef Island Development; Lambert Beach Development; and Smugglers Cove resort.[8] In a related public hearing, various, mostly environmental, concerns were expressed with regard to a large development envisaged in the British Virgin Islands.[33]

61. Furthermore, according to the Chief Minister, the British Virgin Islands was working in the period under review with counterparts from around the region to protect endangered species like the Leatherback Turtle. Also, state-of-the-art mapping technology to detect changes in the health of the marine ecosystems was being utilized, and an extensive public education campaign showing people how to contribute to a cleaner environment was carried out.[11]

VII. Relations with international organizations and partners

A. United Nations system

62. The British Virgin Islands enjoys associate membership in the International Labour Organization, the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Economic Commission for Latin America and the Caribbean.

63. The National Commission for UNESCO continued its efforts with UNESCO in the areas of institution- and capacity-building.[34]

64. Postal codes are expected to be issued by the Universal Postal Union in conjunction with the British Virgin Islands Post Office (Amendment) Rules of 2006.[34] The British Virgin Islands postal codes were launched on 30 October 2006.[35]

65. United Nations system activities involving the British Virgin Islands, including on the applicability of International Labour Conventions and the International Labour Recommendations, are referred to in Economic and Social Council document E/2006/47.

B. Regional organizations and other partners

66. The Territory is an associate member of CARICOM and the Organization of Eastern Caribbean States (OECS). In November 2006, the British Virgin Islands hosted two OECS meetings dealing with the environment, one of which was held at the ministerial level.[36] The Territory is a borrowing member of the Caribbean Development Bank.

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[33] See www.virginislandsdailynews.com, 5 July 2006.

[34] See www.caribbeannetnews.com, 29 September 2006.

[35] See www.islandsun.com, 29 December 2006.

[36] See www.caribbeannetnews.com, 14 November 2006.

67. As a Non-Self-Governing Territory of the United Kingdom, the British Virgin Islands is associated with the European Union (EU) but is not a part of it.[37] The Territory is a signatory of agreements that provide for development assistance from the EU, on the basis of performance-based partnerships. The British Virgin Islands has yet to establish its relation to the EU Economic Partnership Agreement.

68. The territorial Government's International Affairs Secretariat coordinates efforts to strengthen the Territory's relationship with "BVI Friends", such as familiarization visits by parliamentarians from the United Kingdom in May 2006 and February 2007.[8]

69. The territorial Government's Department of Youth Affairs and Sports has partnered with regional and international agencies, including the Commonwealth Youth Programme, the Australian Caribbean Community Sports Development Programme, CARICOM and others to advance the performing arts, holistic health education, culture preservation, athletics, career development and skills training.

VIII. Future status of the Territory

A. Position of the territorial Government

70. The position of the territorial Government regarding the future status of the British Virgin Islands is reflected under section II on the ongoing constitutional negotiations, including information presented by the representative of the Chief Minister to the 2006 United Nations Pacific regional seminar on decolonization.

B. Position of the administering Power

71. In a statement made on 24 April 2006, while visiting the Turks and Caicos Islands, the Overseas Territories Minister, Lord Triesman, took stock of the relationship between the United Kingdom and the Overseas Territories seven years on from the 1999 White Paper entitled "Partnership for Progress and Prosperity: Britain and the Overseas Territories",[38] and reiterated the United Kingdom's approach as follows:

> "As the White Paper made clear, the United Kingdom will always be ready to help any Territory become independent where this is an option, and if that is the clear and settled will of the people. The United Kingdom has no desire for any Territory to remain British against its people's wishes. We have no continuing colonial objectives.
>
> "However, if the people of a Territory wish to retain the British link, then the United Kingdom will continue to honour its responsibilities for it. But I am, and I should be, answerable to the United Kingdom Parliament for the territories. As long as the United Kingdom retains those responsibilities, it

[37] See European Union publication entitled "Caribbean Economic Partnership Agreement", 2006.

[38] "Partnership for Progress and Prosperity: Britain and the Overseas Territories", White Paper submitted to the House of Commons on 17 March 1999, by the United Kingdom Secretary of State for Foreign and Commonwealth Affairs; reproduced in A/AC.109/1999/1, annex.

needs to be in a position where it can discharge them properly. And that means that the United Kingdom needs to retain a sufficient level of powers to do this.

"In this process, the Governor, who also represents the Territory to the United Kingdom Government, has a vital role. He or she must ensure, in partnership with the Territory Government, that high standards are maintained in key areas such as the public service, the police, the judiciary, finance, aviation and maritime security — indeed security generally — and human rights, in the interests of the peoples of the territory as a whole.

"In this context, it might be helpful if I set out the United Kingdom position on alternative forms of relationship, some of which I know have been discussed here in Turks and Caicos Islands in recent weeks. United Nations General Assembly resolution 1541 set out some options for the relationship between administering Powers and Territories, including independence, integration and free association. The United Kingdom did not vote in favour of that resolution, and does not regard itself as bound by it. Integration would mean the Turks and Caicos Islands or any of the other Territories becoming a full part of the United Kingdom, like the Isle of Wight. It would mean that the people of the Territory would have to pay United Kingdom taxes. And United Kingdom policy would apply in areas that have traditionally been the responsibility of the Territory Government; for example, education and health.

"I do not believe that this is an option that would find favour in the Territories. Nor does it in the United Kingdom. The option of free association is also unacceptable. As defined by the United Nations, it would mean the Territory drawing up its Constitution free from any outside involvement. The United Kingdom would retain all the responsibilities for the Territory, but would not be able to ensure that it had the powers to enable it to fulfil these responsibilities. Ministers answerable to Government in Westminster cannot, and should not, put themselves in that position. So our aim is to work for a relationship with the Territory Government which satisfies the needs of both sides."[39]

72. Moreover, in a statement made on 5 October 2006 before the Special Political and Decolonization Committee (Fourth Committee) during the sixty-first session of the General Assembly, the representative of the United Kingdom said that the criteria used by the Special Committee of 24 in its deliberation on whether a Non-Self-Governing Territory should be "delisted" were outdated and failed to take account of the way that relationships between the United Kingdom and its Overseas Territories had been modernized, in a way that was acceptable to both parties.[40]

C. Action by the General Assembly

73. On 14 December 2006, the General Assembly adopted with a vote of 173 to none, with 4 abstentions, resolutions 61/128 A and B. Section IV of resolution 61/128 B concerns the British Virgin Islands.

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[39] "A Successful Future", Triesman speech, Turks and Caicos Islands (24/04/06), see www.fco.gov.uk/servlet.

[40] Information transmitted by the administering Power, 15 January 2007; see also A/C.4/61/SR.5.

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Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

Montserrat

Working paper prepared by the Secretariat

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Territories Act 2002 abolished the terms "colony" and "dependent territory" and granted the right of British citizenship to citizens of its Territories.[3]

6. According to the administering Power, Montserrat is an internally self-governing Overseas Territory, a status which provides for the execution of Government through a Governor appointed by the Crown, an Executive Council that has the general control and direction of Government and a Legislative Council. The Governor retains responsibility for internal security (including police), external affairs, defence, public service (which the Governor heads) and offshore finance. The Legislative Council has nine members. Following elections in 2006, there are three female members (two are Ministers, and the third is the Leader of the Opposition) and six male members.[4] According to the media, the territorial Government has asked the United Kingdom to support its request for the appointment of Montserrat's first indigenous Deputy Governor, which is one of the suggested constitutional recommendations elaborated on below.[5]

7. The law of Montserrat is English common law and locally enacted legislation. It is administered by a Magistrates Court and the Eastern Caribbean Supreme Court. Cases handled by the Supreme Court have recourse of final appeal to the Judicial Committee of the Privy Council. The President of the Caribbean Court of Justice, Justice Michael de la Bastide, has expressed concern that most member nations of the Caribbean Community (CARICOM) are still tied to the British Privy Council as their final court of appeal instead of the Caribbean Court of Justice.[6]

8. The current Governor of Montserrat, Deborah Barnes-Jones, who took office in May 2004, is the first female Governor of a British Territory. According to the administering Power, elections were held on 31 May 2006, using a single-constituency "first past the post" electoral system. According to the administering Power, 3,331 voters were registered and 2,486 votes were cast: a 75 per cent voter turnout (78 per cent in 2001). No single party won a clear mandate, and a coalition Government headed by Chief Minister Lowell Lewis (Montserrat Democratic Party) was formed. Other coalition members are the New People's Liberation Movement (three) and one Independent. The opposition holds four seats.[4]

9. According to the administering Power, the 1999 White Paper recognized that the Constitutions of the Territories needed to be kept up to date. A Constitutional Review Commission was set up in 2002 under the chairmanship of Sir Howard Fergus. In February 2003, the Governor was presented with the Commission's report, including recommendations for a number of changes to the existing constitution. For instance, the report concluded that the proposed change from the imposition of the candidate by the United Kingdom to cooperative action in choosing a Governor would have symbolic significance. This report was submitted in 2002 and debated in the Legislative Council in April 2005.[4]

10. The Constitutional Review Commission conducted widespread public consultations, including some in the United Kingdom. The first round of talks took place in Montserrat in September 2005 with a team from the Foreign and

[3] See A/AC.109/2002/2 and Add.1.

[4] Information transmitted by the administering Power, 15 January 2007.

[5] See www.caribbeannetnews, 5 December 2006.

[6] See BBC Caribbean News In Brief (see BBC Caribbean.com), 26 February 2007.

Commonwealth Office.[7] A second round of discussions between Montserrat (all Legislative Council members) and a United Kingdom Government team took place in February 2006.[4]

11. In 2006, the Chief Minister, in his speech on the budget, stated that the Government was in the process of negotiating a new Constitution with Her Majesty's Government. The Chief Minister detailed that it was the Government's intention to make improvements to the present Constitution so as to preserve its ability to move towards greater self-determination when the circumstances permit; define more clearly the responsibilities and relationships between the institutions and parties named in the Constitution; take account of international norms and practices as they relate to Montserrat; and generally modernize the current Constitution. Members of the Legislative Council made submissions for inclusion and a preliminary draft constitution has been submitted by Her Majesty's Government for consideration and discussion. The Chief Minister further said that all members of the Legislative Council were in possession of the draft. It was the Government's intention to publish and discuss the Constitution publicly when a final draft was ready.[8]

12. Meanwhile, some media reports indicated that, according to views expressed by a member of the Chief Minister's Constitutional Advisory Committee, the constitutional revision process did not completely reflect the aspirations and desires of Montserrat's public.[5] As was previously reported, Montserrat is the only Territory to have called for a dialogue on free association.[9] A further round of negotiations discussing the new draft constitution is expected in the first quarter of 2007.[4]

III. Budget

13. Montserrat's public sector continues to be heavily dependent on budgetary support.[10] Delivering the budget speech in March 2006, the Chief Minister stated that the total budget for 2006 is EC$ 115.8 million,[11] with recurrent expenditure of EC$ 83.2 million and capital expenditure totalling EC$ 32.6 million.[8]

14. The total revenue required to fund the 2006 budget is EC$ 83.2 million. It is estimated that EC$ 35.3 million will be raised locally and EC$ 47.9 million will be financed by the United Kingdom through budgetary support.[8]

15. The United Kingdom made special aid available under the Sustainable Development Plan and the Country Policy Plan for the period of 2004-2005 to 2006-2007.[12] The Department for International Development will provide development assistance of £40 million during the period 2004-2005 to 2006-2007 periods. The United Kingdom will also assist through support from the Foreign and Commonwealth Office and through helping Montserrat to access resources from

[7] Autumn performance report 2005, United Kingdom Foreign and Commonwealth Office.

[8] See www.finance.gov.ms, March 2006.

[9] See A/AC.109/2006/13.

[10] www.giu.gov.ms; 26 January 2006.

[11] Montserrat's currency is the Eastern Caribbean Dollar (EC$), which is aligned with the US$ (EC$ 2.70).

[12] Information transmitted by the administering Power, 15 January 2007; www.dfid.gov.uk, January 2005.

other sources.[13] Montserrat also benefits from various resources made available by the United Kingdom to the United Kingdom Overseas Territories to strengthen disaster management capacity, security and safety at ports and airports, capacity for law enforcement and prison management, environmental protection, development of the private sector and the promotion of human rights.[4]

16. According to the administering Power, total aid to Montserrat under the fourth to eighth European Development Fund stands at €32.5 million, of which €5.8 million has yet to be committed, including for upgrading of water and road projects; reconstruction of the Plymouth Port Jetty after hurricane Hugo in 1998; and housing and redevelopment. The ninth European Development Fund provides for €11 million in budgetary assistance. It is focused on services, in particular on tourism and information and communication technologies services. Montserrat has asked to be involved in the process of concluding Economic Partnership Agreements with the Asia, Caribbean and Pacific countries. For additional information see also section V.E on construction, housing and infrastructure.[4]

17. Moreover, Montserrat benefits from regional development projects such as the Caribbean Export Development Agency's technical and training assistance for export manufacturers in the Organization of Eastern Caribbean States (OECS); OECS' Tertiary Education Project for the improvement of school infrastructure and OECS' Tourism Development Programme and the Caribbean Regional Tourism Development Programme on incentives for the tourist industry.[4]

18. In his 2006 Christmas message, the Chief Minister said that good governance and integrity in public life should be put in place to receive effective development aid from Montserrat's donor partners.[14] Furthermore, after a recent visit to Havana, the Chief Minister said that the discussion with the Government of Cuba is part of his administration's strategy to supplement the development aid being provided by the United Kingdom, the European Union, the Caribbean Community and OECS partners, so that the Government would once again balance the budget and end the current dependence on 70 per cent budgetary aid.[15]

IV. Volcanic activity

19. The Soufriere Hills Volcano remains extremely active. The Volcano alert level was increased to level four (on a scale of five) on 24 December 2006, in response to heightened volcanic activity. In February 2007, evacuation alerts were issued for residents of Bishop Lane and an area south of Old Towne.[16] In July 1995, the Soufriere Hills Volcano, dormant for more than 400 years, erupted with devastating effects and caused the relocation of residents and 70 per cent of the evacuation of the population from the southern part of the island to the north. In October 1996, the island was divided into a series of zones based on the scientists' evaluation of the risk to occupants of these areas. Over time, those zones were modified to create an exclusion zone comprising roughly the southern two-thirds of the island.[4]

[13] www.dfid.gov.uk, January 2005.

[14] See www.giu.gov.ms/speeches, December 2006.

[15] See www.giu.gov.ms, 26 January 2006.

[16] See www.fco.gov.uk, 8 February 2007; see www.giu.gov.ms.

20. Debilitating volcanic activity continued on Montserrat throughout 2006 and into 2007.[17] At the same time, the recent volcanic activity has produced a wealth of ash, sand, pumice and aggregates that are mined and collected for domestic use and export when the level of volcanic activity is low.

V. Economic conditions

A. General

21. Volcanic activity and hurricane damage, the resultant movement of population and commercial centres and the attendant socio-economic difficulties continue to create real difficulties for Montserrat. As spelled out in the previous section, budgetary aid from the United Kingdom, as well as other assistance, has been needed over the last 10 years to support the Government's programme.[4]

22. The per capita gross domestic product (GDP) for 2005 reached $4,556.[18] The Territorial Government is committed to sustainable development, including identifying and encouraging revenue streams for development by the private sector. Disaster prevention and management is a cross-cutting issue. A system of business planning was introduced in 2006 to underpin the 2007 budget estimates. Preliminary data for the first three quarters of 2006 indicates that real economic growth is expected to expand by 3.2 per cent in 2006 (1.6 per cent for the year 2005). The major contributor to GDP in the first three quarters of 2006 was the mining and quarrying sector, which showed increases in the volumes of volcanic aggregates and sand exported.[4]

23. The economy has close to 200 business establishments, large and small, in its private sector, employing almost 600 workers. Just over 25 per cent of business is involved with the provision of financial, professional, personal and other household services. Wholesale and retail trades and food preparation occupy second and third places respectively.[4] Retail outlets offer a wide range of foodstuffs and other consumer items.

24. Natural springs provide a good fresh water supply for the island. Areas of forest in the island's interior are untouched. Montserrat's maritime locations provide seas with coral reefs to support a tourist industry and good fish stocks, although fishery resources are not fully exploited because of the lack of harbours. Studies suggest that Montserrat could harness a plentiful source of geothermal energy.[4]

B. Agriculture

25. As a result of the volcanic crisis, the majority of fertile agricultural lands, pasture and fishing areas are either restricted or not accessible. According to the administering Power, growth, from a small base, in this sector of 26 per cent in 2006 is expected, despite a significant ash fall in May 2006. Crop production more than doubled in the first three quarters of 2006. Chicken production fell in 2005 owing to

[17] See www.fco.gov.uk, 24 January 2007.

[18] Economist Intelligence Unit, Organisation of Eastern Caribbean States, Montserrat, 25 October 2006.

the temporary departure of a large producer, but has picked up since the producer returned (supporting data not available).[4]

26. In 2006, the Chief Minister stated in his budget speech that the Government recognized the importance of food security and that every effort would be made to make that a reality. He said that the Government's intention was to increase the acreage of lands under production; assist farmers in improving the shelf life of products, leading to small scale industries using local produce; encourage backyard gardening and construct a public market in 2006. To those ends approximately EC$ 12 million was allocated.[8]

27. In his 2006 Christmas message, the Minister of Education, Health, Community Services and Labour stated that a key component of the agricultural thrust for 2007 would be a young farmers' training programme for young people actively engaged in agriculture and agro-business.[19]

C. Financial services

28. Two commercial entities, the Bank of Montserrat and the Royal Bank of Canada, and 11 offshore banks operate in Montserrat providing a wide range of banking facilities. An ATM facility accepting major credit/debit cards is available.[4]

29. Individual residents in Montserrat have tax levied and collected on their chargeable income. Individual residents are taxed on their worldwide income, which includes income from all sources. Tax is levied and collected on the chargeable income paid by any incorporated company, building society or body of persons, at the rate of 20 per cent. A surcharge of 50 per cent on every dollar of tax liability is imposed on non-individual taxpayers and to any individual who is not resident on Montserrat or doing business during the basic year. This effectively makes the tax rate 30 per cent for non-individual taxpayers.[4]

D. Tourism

30. Montserrat features for visitors the spectacular Soufriere Hills Volcano, alongside lush, green mountains, world-class nature trails, secluded dark sand beaches, untouched reefs and a quiet friendly charm.[20] However, according to the administering Power, the tourism industry has been a major casualty of volcanic activity. Tourism, once the most significant contributor to the local economy, has suffered severe setbacks. Continuing limitations in access to the island have hampered growth. Ferry services no longer run, and income from day trips from Antigua has been lost. The opening of Gerald's airport in the north of the island in 2005 has not yet provided a significant uplift to tourist numbers. Figures for 2005 were down 14 per cent, compared to 2004. Visitor statistics for the first nine months of 2006 show a 32 per cent decrease over the same period for 2005.[4]

[19] See www.giu.gov.ms.

[20] See www.caribbeannetnews.com, 25 January 2006.

E. Construction, housing and infrastructure

31. The construction sector remains the second major contributor to economic activity in Montserrat, contributing an estimated 16 to 25 per cent to GDP in 2006.[21] The development of a new capital at Little Bay is the largest project planned. The Chief Minister, in his 2006 budget speech, stated that the Little Bay Development Project is a four-phase project, to be completed over a 10-year period. The main goal of the initiative is the establishment of an economic, social, cultural, residential, business and administrative centre. The first phase of the Project infrastructure is expected to start in April 2007, with United Kingdom and European Union assistance. It will guide the overall development and provide serviced land to allow the town centre to proceed.[21]

32. In his 2006 Christmas message, the Minister of Education, Health, Community Services and Labour stated that housing remained the "number one challenge" of the Government and the people of Montserrat. The provision of housing remains a concern, with an urgent need for up to 1,000 new units already identified. In 2006, 241 people were living in emergency shelters and other temporary housing. Other individuals who lost their homes in the exclusion zone are still living in overcrowded conditions with either friends or relatives. In the first eight months of 2006, 734 people applied for housing assistance (888 for year 2005).[19]

33. The European Union-funded EC$ 15 million construction project of 60 houses at Lookout began in May 2006, and is expected to be completed in 2007. The project employs approximately 40 per cent of the construction labour force on the island. Fourth quarter 2006 saw the commencement of three new projects: the public market at Little Bay, housing for the elderly and a therapy unit at the hospital. A new office block was completed for the Administration Department in Brades in the third quarter of 2006 to rehouse staff from temporary accommodations erected after the volcanic eruptions. Further upgrades are needed to accommodate Government staff adequately. Additional projected works for 2007 include accommodations for the mentally challenged, the construction of a purpose-built radio station, an early childhood education centre in Salem, an abattoir, a factory shell in Brades, a minor operating theatre at the hospital and the aforementioned development of Little Bay as the new capital.[19]

34. The rapid increase in population in the north of Montserrat has resulted in severe strain on the existing infrastructure, whose capacity and structural integrity need upgrading in order to support the increased social and economic demands. The recent increase in mining activities in the Belham River valley requiring heavy truck transport of the processed aggregates to Little Bay for export has put an additional strain on the roads. A major rehabilitation programme for the main spine road is expected to cope with the increase in heavy commercial traffic.[4]

35. The seaport operates in Little Bay utilizing a temporary emergency jetty constructed in 1997 to handle rapid evacuation of the population. Nearly 10 years later, all cargo destined for the island is still required to pass through this small, restrictive, temporary facility. A feasibility study on the port is to be carried out to advise on the required development to meet the country's needs.[4]

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[21] Information transmitted by the administering Power, 15 January 2007; see www.finance.gov.ms, March 2006; see www.devunit.gov.ms, March 2006.

36. The Montserrat Electricity Company plans to upgrade generating capacity. According to the administering Power, a study of the island's electricity requirements has been completed and arrangements for financing (EC$ 20 million) are progressing. Contracts for the supply of a medium speed diesel engine and the construction of the power station should be awarded in 2007. It is anticipated that this will be funded in part by a loan from the Caribbean Development Bank.[4]

37. The Montserrat Water Authority is responsible for the distribution of water throughout the inhabited portion of the island, and 100 per cent of the population has access to Montserrat's plentiful supply of good potable water (about 98 per cent are linked). The Government continues to examine how best use can be made of this valuable resource and to identify other sources of supply and water retention on the island. There is scope for revenue generation through the export of bottled water.[4]

38. With regard to the communications sector, Cable and Wireless, under licence, provides a modern telephone system throughout the Territory. This licence is due for review in 2007. According to the administering Power, the Government's objective is to aim for a degree of market liberalization at that time. International and local calls may be made at any time. Electronic mail is widely used, making communications relatively easy. Asymmetric digital subscriber line (ADSL) is gradually being introduced. There is a regular mail service between Montserrat and all countries.[4]

VI. Social conditions

A. General

39. As previously reported, the volcanic crisis has had a profound effect on traditional social structures and support systems, with many families and communities split up and relocated in different parts of the world. According to the administering Power, a large percentage of Montserratians are struggling to get by. The Government has had to develop and fund substantial social welfare and social development services, including for the high number of vulnerable elderly people who remain on the island. The services are carried out by the Community Services Department and the Social Welfare Office. The estimated expenditure for welfare and development services in 2005 was EC$ 3.3 million. According to the administering Power, financial data for 2006 were not available at the time.[4]

40. In 2006, the Chief Minister stated that the Government's social development policy had the following four programme areas: protection of the vulnerable; individual, family and community (social cohesion) development; access to effective and efficient health services; and access to responsive and targeted education.[8]

B. Labour

41. The working population stands at about 2,000, estimated as comprising 40 per cent nationals and 60 per cent non-nationals. According to the administering Power, Montserrat maintains a friendly and harmonious industrial relations climate. Every effort is made to ensure that workers, unions, employees and other stakeholders in

the economy are working in tandem to achieve national development goals. As a participant in the Caribbean Single Market and Economy, Montserrat aspires to develop a highly educated, skilled and agile work force.[4]

42. In 2006, the Chief Minister stated in his budget speech that where there are vacancies in skilled and unskilled jobs and no national is available to fill them, then work permits should be issued to non-nationals, preferably citizens of other CARICOM countries.[8] In 2006 the Department of Labour issued 121 work permits and renewed a total of 346. The permits were issued mainly to persons from other CARICOM countries.[4]

43. There is reportedly a need for a comprehensive labour market information survey to fully determine the composition, structure and training needs of the population.[4]

C. Education

44. Montserrat has good educational infrastructure, with 100 per cent access to primary and secondary education.[4] The Montserrat education system is broadly based on the British system. Both universal and secondary education have been achieved and the early childhood programme expanded. Provision is made for every child from the age of two to attend nursery school. According to the administering Power, there are two Government day-care facilities, three nursery schools and one privately owned early childhood facility. Of the four primary schools, two are privately owned. The Government-owned Montserrat secondary school is the only secondary school. Expenditure on education in 2005 was EC$ 6.3 million; the estimate for 2006 is EC$ 7.5 million.[4]

45. According to the administering Power, the performance of the education system continues to be monitored by a set of core performance indicators designed and implemented by the Organization of Eastern Caribbean States Education Reform Unit.

46. The United Kingdom announced that citizens from the Overseas Territories will benefit from next year (2007) from the home student fee rate at English universities.[22]

D. Health

47. Montserrat has modern health facilities.[4] Facilities in Montserrat include the 30-bed St. John's Hospital, which is able to cover all routine health issues, X-rays and minor operations, and primary care clinics at St. John's, St. Peter's, Cudjoe Head and Salem. Facilities are in place for emergency medical evacuation to Antigua and Guadeloupe. According to the administering Power, the expenditure on health care in Montserrat in 2005 was EC$ 12.9 million; the estimate for 2006 is EC$ 13.7 million.[4]

[22] See www.fco.gov.uk, 23 November 2006, Lord Triesman, Overseas Territories Minister, eighth meeting of the Overseas Territories Consultative Council (OTCC) on 21 and 22 November 2006; see www.bbc.co.uk.

48. Life expectancy in the Territory was 76 years for males and 81 for females in 2004, the latest year for which figures are available. Increased numbers have responded to the call to be tested for HIV/AIDS, and cervical and prostate cancer. In 2005 free testing and treatment for persons with HIV/AIDS was provided. Collaboration with the private sector ensures that the population has access to cholesterol drugs at affordable prices. At the same time, enhancing the lives of the elderly is a priority of the Government, evidenced by renovation of the Hill View Home and construction of the New Margetson Memorial Home. In view of shortages in the nursing field, a nursing aide programme was started at the community college in 2006.[4]

49. After a recent visit to Havana, the Chief Minister said that Cuba was ready to assist Montserrat with clearing up its backlog of some 400 persons waiting for ophthalmology assessment, some of whom will require surgery.[10]

E. Human rights

50. There have been few, if any, complaints of discrimination on the basis of race or religion. Equally, according to the administering Power, few problems of cultural relations exist, although inward and outward migration has had some impact on social conditions, as increased diversity produces new challenges. There is no discrimination on the basis of sex in the implementation of articles 2 and 3 of the International Covenant on Civil and Political Rights. The Convention on the Elimination of All Forms of Discrimination against Women has been extended to Montserrat, but has not been ratified.

51. In April 2004, the Executive Council established a human rights reporting committee to fulfil the Government's responsibilities in meeting the various international reporting requirements. The objectives were to prepare the reports required under each Convention in a timely fashion and to make them available for public consultation; monitor the implementation of the relevant Conventions; and advise the Government of any shortcomings. During 2005, the Committee ensured that all reporting obligations for the period were met.[4] According to the media, Montserrat has been moving steadily to educate and improve awareness in Montserrat on human rights issues.[23]

F. Crime and public safety

52. Since the volcanic eruptions in 1995, the small Montserrat prison has been relocated eight times and prisoners have been relocated to the United Kingdom, the British Virgin Islands, the Cayman Islands, Jamaica and the Turks and Caicos Islands. In November 2004, a new prison facility was opened in Brades. According to information provided by the administering Power at the end of December 2006, the total prison population was 16.[4]

53. The Parole Board established under the Parole of Prisoners Act 2004 began its work in 2006. The law authorizes the Parole Board to review cases for release into the community on licence. The Parole Board makes recommendations to the Governor.[4]

[23] See www.themontserratreporter.com, 10 November 2006.

54. The Royal Montserrat Police Force has a fully functioning police headquarters in the Government headquarters complex at Brades. Most criminal offences are dealt with under the Penal Code of Montserrat, revised in 2002. In February 2003 the Governor was presented with a report of the Constitutional Commissioners, which recommended the establishment of a Police Complaints Board and an Ombudsman.[4]

55. Information on the applicability of the United Nations Convention against Corruption is found in section VII below.

VII. Relations with international organizations and partners

56. Montserrat is an associate member of the Economic Commission for Latin America and the Caribbean and its subsidiary bodies. The Territory is represented at the meetings of the Caribbean Group for Cooperation in Economic Development, sponsored by the World Bank, and it receives some support from the United Nations Development Programme and United Nations Volunteers. Information on United Nations system activities involving Montserrat, including on the applicability of the International Labour Conventions and International Labour Recommendations of the International Labour Organization, is contained in Economic and Social Council document E/2006/47.

57. The Territory is a member of CARICOM and OECS, as well as of the institutions associated with both groups, including the University of the West Indies, the Caribbean Development Bank and the Eastern Caribbean Central Bank Union. Montserrat has requested the relevant instrument of entrustment from the United Kingdom to become a party to the Revised Treaty of Chaguaramas, which entered into force on 1 January 2006. The Revised Treaty includes the CARICOM Single Market and Economy and supersedes the 1973 Treaty. Montserrat has observer status at the Caribbean Forum.[4]

58. OECS celebrated its twenty-fifth anniversary in June 2006, with Montserrat as a founding member. The nine heads of Government of the organization signed a declaration of intent to review the Treaty of Basseterre, which established OECS on 18 June 1981 and an Economic Union Treaty, which is expected to deepen integration at the subregional level.[24]

59. At the Overseas Territories Consultative Council meeting held in London on 21 and 22 November 2006, the United Kingdom and the Overseas Territories represented at the meeting, including Montserrat, agreed in principle that the United Nations Convention against Corruption would be extended to the Overseas Territories at the earliest opportunity.[25]

60. As a Non-Self-Governing Territory of the United Kingdom, Montserrat is associated with the European Union but is not a part of it. The Territory has yet to establish its relation to the European Union's Economic Partnership Agreement.[26]

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[24] Information transmitted by the administering Power, 15 January 2007; BBC Caribbean.com, 8 February 2007.

[25] See www.fco.gov.uk, 23 November 2006; www.giu.gov.ms, 24 November 2006.

[26] See European Union publication entitled "Caribbean Economic Partnership Agreement", 2006, p. 13.

VIII. Future status of the Territory

A. Position of the territorial Government

61. The position of the Government of Montserrat on constitutional reform is set out in section II above, which deals with the ongoing constitutional negotiations between Montserrat and the Government of the United Kingdom.

B. Position of the administering Power

62. In a statement made on 24 April 2006, while visiting the Turks and Caicos Islands, the Overseas Territories Minister, Lord Triesman, took stock of the relationship between the United Kingdom and the Overseas Territories seven years on from the 1999 White Paper,[27] and reiterated the United Kingdom's approach as follows:

> "As the White Paper made clear, the United Kingdom will always be ready to help any Territory become independent where this is an option, and if that is the clear and settled will of the people. The United Kingdom has no desire for any Territory to remain British against its people's wishes. We have no continuing colonial objectives.
>
> "However, if the people of a Territory wish to retain the British link, then the United Kingdom will continue to honour its responsibilities for it. But I am, and I should be, answerable to the United Kingdom Parliament for the Territories. As long as the United Kingdom retains those responsibilities, it needs to be in a position where it can discharge them properly. And that means that the United Kingdom needs to retain a sufficient level of powers to do this.
>
> "In this process, the Governor, who also represents the Territory to the United Kingdom Government, has a vital role. He or she must ensure, in partnership with the Territory Government, that high standards are maintained in key areas such as the public service, the police, the judiciary, finance, aviation and maritime security — indeed security generally — and human rights, in the interests of the peoples of the territory as a whole.
>
> "In this context, it might be helpful if I set out the United Kingdom position on alternative forms of relationship, some of which I know have been discussed here in Turks and Caicos Islands in recent weeks. United Nations General Assembly resolution 1541 (XV) set out some options for the relationship between administering Powers and Territories, including independence, integration and free association. The United Kingdom did not vote in favour of that resolution, and does not regard itself as bound by it. Integration would mean the Turks and Caicos Islands or any of the other Territories becoming a full part of the United Kingdom, like the Isle of Wight. It would mean that the people of the Territory would have to pay United Kingdom taxes. And United Kingdom policy would apply in areas that have

[27] "Partnership for Progress and Prosperity: Britain and the Overseas Territories", White Paper submitted to the House of Commons on 17 March 1999 by the United Kingdom Secretary of State for Foreign and Commonwealth Affairs; reproduced in A/AC.109/1999/1, annex.

traditionally been the responsibility of the Territory Government; for example, education and health.

"I do not believe that this is an option that would find favour in the Territories. Nor does it in the United Kingdom. The option of free association is also unacceptable. As defined by the United Nations, it would mean the Territory drawing up its Constitution free from any outside involvement. The United Kingdom would retain all the responsibilities for the Territory, but would not be able to ensure that it had the powers to enable it to fulfil these responsibilities. Ministers answerable to Government in Westminster cannot, and should not, put themselves in that position. So our aim is to work for a relationship with the Territory Government which satisfies the needs of both sides."[28]

63. Moreover, in a statement made on 5 October 2006, before the Special Political and Decolonization Committee (Fourth Committee) during the sixty-first session of the General Assembly, the representative of the United Kingdom said that the criteria used by the Special Committee of 24 in its deliberation on whether a Non-Self-Governing Territory should be "delisted" were outdated and failed to take account of the way that relationships between the United Kingdom and its Overseas Territories had been modernized, in a way that was acceptable to both parties.[29]

C. Action by the General Assembly

64. On 14 December 2006, the General Assembly adopted with a vote of 173 to none, with 4 abstentions, resolutions 61/128 A and B. Section VII of resolution 61/128 B concerns Montserrat.

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[28] "A Successful Future", Triesman speech, Turks and Caicos Islands, 24 April 2006; see www.fco.gov.uk.

[29] Information transmitted by the administering Power, 15 January 2007; see also A/C.4/61/SR.5.

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Turks and Caicos Islands

Working paper prepared by the Secretariat

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I. General

1. The Turks and Caicos Islands is a Non-Self-Governing Territory administered by the United Kingdom of Great Britain and Northern Ireland.[1] The Territory comprises 40 islands and cays, which lie 145 kilometres north of Haiti and the Dominican Republic and 925 kilometres south-east of Miami, United States of America. Six islands are permanently inhabited: Grand Turk, where the administrative capital, Cockburn Town, is located; Providenciales, the business and tourist centre; North, Middle and South Caicos; and Salt Cay. The area of the Territory is 948.2 square kilometres.[2]

2. The Turks and Caicos Islands were discovered by the Spaniards in 1512. From 1874 to 1959, the Islands were governed by the United Kingdom as a dependency of Jamaica. They became a separate colony of the United Kingdom in 1962, under the control of the Bahamas. When the Bahamas achieved independence in 1973, the Turks and Caicos Islands were placed under a British Governor stationed in Grand Turk.[3]

3. As reported previously, the British Overseas Territories Act 2002 provided for the right to British citizenship of the citizens of all United Kingdom Territories, including the Turks and Caicos Islands.[4]

4. In 2006, the total population of the Territory was estimated at 33,202.[4] This represents a large increase over the 2001 figure of 19,886 and is due mainly to immigration. Some 21,500 individuals, mostly from Haiti and the Dominican Republic, as well as the United States of America, Canada, the United Kingdom and other European countries, are considered "non-belongers".[5] Approximately 11,750 citizens of the Turks and Caicos Islands, the so called "belongers", have the right to vote and to stand in general elections.

5. Nearly two thirds of the population (24,348) and the majority of the expatriate community (17,749) reside on Providenciales.[5] The second largest population centre is Grand Turk, with approximately 5,718 inhabitants, followed by North, Middle and South Caicos, Salt Cay and Parrot Cay.[5] The capital has a population of about 4,000. The majority of the Territory's population is of African descent, the rest being of mixed or European origin. English is the main language, with some Creole spoken by Haitian immigrants. The main religion is Christianity.[3]

II. Constitutional, legal and political issues

6. The Turks and Caicos Islands has a ministerial system of government. Under the new Constitution that came into force on 9 August 2006, there continues to be a Governor in the Territory appointed by the administering Power.[3] The current Governor is Richard Tauwhare, who was sworn into office on 11 July 2005.

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[1] The information contained in the present paper has been derived from published sources, including those of the territorial Government, and from information transmitted to the Secretary-General by the administering Power under Article 73 *e* of the Charter of the United Nations.

[2] www.depstc.org/quickstats/qstat1.html, accessed 8 February 2007.

[3] Information transmitted by the administering Power, 9 January 2007.

[4] See A/AC.109/2006/15.

[5] Kairi Consultants Limited, Main Situational Analysis Report, October 2006, p. 19.

7. Following the adoption of the Constitution, the position of Deputy Governor was created. The Deputy Governor must be a "belonger" and is appointed by the Governor. The first Deputy Governor was appointed on 9 August 2006.[6]

8. The Executive Government consists of a Cabinet, in place of an Executive Council, and a Premier, in place of a Chief Minister. The Governor as Chairman, the Premier, six other Ministers and the Attorney General make up the Cabinet. The Governor remains responsible for external affairs, defence, internal security, including the police force, and some public service matters, including the regulation of international financial services, and consults with the Cabinet as necessary. The Advisory National Security Council, chaired by the Governor, has been established to make recommendations on national security issues. Ministers continue to have responsibility outside those areas reserved for the Governor. The Governor acts in accordance with the advice of the Cabinet on those issues unless instructed to do otherwise by the Secretary of State on behalf of the administering Power.

9. Moreover, under the 2006 Constitution, the House of Assembly has replaced the Legislative Council, and consists of a Speaker, 15 elected members (2 more than under the previous Constitution), 4 appointed members and the Attorney General.[3]

10. The legal system is based on English Common Law. Under the provisions of the new Constitution, it continues to include magistrates' courts, the Supreme Court and the Court of Appeal, with ultimate recourse to the Privy Council. On the advice of the newly established Judicial Service Commission, the Governor appoints judges and magistrates. The Attorney General and Chief Justice were recently recruited from the United Kingdom.[3]

11. The new Constitution was negotiated as a result of the 1999 United Kingdom Government White Paper on the relationship between the United Kingdom and its Overseas Territories, entitled "Partnership for progress and prosperity: Britain and the Overseas Territories".[7] The White Paper required the Territories to amend their local legislation, in particular on human rights and on the regulation of financial services, in order to meet international standards. The British Overseas Territories Act 2002 came into force in May 2002.[8]

12. In September 2002, the Constitutional Modernization Review Body presented its report which, inter alia, reflected public concerns and made recommendations related to limiting the powers of the Governor and creating a permanent Deputy Governor position, as well as other recommendations regarding the executive, legislative and judicial organs of the Territory. An issue of importance to the Turks and Caicos Islands was the degree of self-government, and the issue of full internal self-government was raised. The United Kingdom maintained the position that a constitution encompassing a full measure of internal self-government (e.g. a "Bermuda-style" constitution) was a "pre-independence" constitution. The policy of the United Kingdom was clear: Territories could exercise that choice, where it was an option, and as long as it was the clearly expressed wish of the people of the Territory. While it maintained a relationship with the Territory, however, the United Kingdom would have to retain sufficient powers to protect its overall responsibility

[6] www.turksandcaicosislands.gov.tc, 14 August 2006.

[7] "Partnership for Progress and Prosperity: Britain and the Overseas Territories", White Paper submitted to the House of Commons on 17 March 1999 by the United Kingdom Secretary of State for Foreign and Commonwealth Affairs; see A/AC.109/1999/1, annex.

[8] See A/AC.109/2006/15, www.opsi.gov.uk, explanatory memorandum to the Turks and Caicos Islands Constitution Order 2006 (Statutory Instrument 2006 No. 1913).

for the Territory concerned. Once the Review Body explained that a decision to advance full internal self-government would have to be accompanied by the setting of a timetable for independence, there was little support in the Territory for independence.[3] The text of a new Constitution was agreed upon between the United Kingdom and the Turks and Caicos Governments in October 2005.[8]

13. On its part, from 2 to 7 April 2006, at the request of the territorial Government, the Special Committee of 24 sent a mission to the Turks and Caicos Islands to assess the situation on the ground and to inform interested groups and the public on matters of self-determination, the first to the Territory since 1980. The report of the special mission indicates that the establishment of a ministerial Government, which emerged from the 1976 Constitution, provided for a modicum of autonomy. After a political crisis, the Constitution was suspended in 1985 and direct rule by the administering Power was imposed. A less autonomous Constitution was given to the Territory in 1988, which was the subject of the recent constitutional review.[9]

14. Addressing the issue of specific political options in its report, the special mission found that the policy of the administering Power not to offer integration or free association had made the matter more complex. As a result, many people in the Turks and Caicos Islands appeared to have dismissed those options, even after it was explained that such alternatives were available for the Territory with other countries. Paradoxically, it is important to note that the political leadership of the governing party has been engaged in discussions with Canadian officials on a possible free association arrangement, as evidence that the availability of options with countries other than the administering Power is very much understood at the highest political levels. However, the general lack of awareness of the people of the political options available to them and of the process of self-determination in general was seen as being a function of insufficient information on all aspects regarding the achievement of self-government.[10]

15. In consultations with the Government of the United Kingdom in April 2006, the Premier reportedly emphasized that the goal of the Turks and Caicos Islands was for eventual independence when the people of the country were ready for it, adding "[...] it's my party's position not to seek independence at this time." The focus for the territorial Government was on economic independence as well as on building and modernizing the Territory. The same month, Overseas Territories Minister Lord Triesman, who had represented the administering Power in the October 2005 negotiations, visited the Turks and Caicos Islands. Excerpts from his policy statement are presented in chapter VII below.[10]

16. Public meetings, media exposure and a debate in the Legislative Council took place in May 2006 and assured the Government of the United Kingdom that the Constitution had the broad support of the peoples of the Islands. The draft of the new Constitution was referred to the Privy Council and Parliament for approval in July 2006, after which it came into force on the day appointed by the Governor (9 August 2006).[11]

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[8] See A/AC.109/2006/19.

[9] Information transmitted by the administering Power, 9 January 2007; www.caribbeannetnews.com, 28 April 2006.

[10] www.opsi.gov.uk, explanatory memorandum to the Turks and Caicos Islands Constitution Order 2006 (Statutory Instrument 2006 No. 1913).

17. There are two main political parties in the Territory: the People's Democratic Movement (PDM) and the Progressive National Party (PNP), formed in 1975 and 1980, respectively.

18. For the general elections in 2007, the House of Assembly adopted the decision to increase the number of constituencies from 13 to 15 in order to take into account the increased population on Providenciales.[12]

19. The most recent general election was held on 9 February 2007 with a voter turnout of 85 per cent.[13] The ruling PNP under Premier Misick won 13 seats, against 2 won by PDM.[14] The new Cabinet was sworn in by the Governor on 12 February 2007.[15]

III. Budget

20. The budget is projected on a triennial basis, with annual revisions. The fiscal year covers the period from April to March.[16]

21. The 2006/07 budget address, presented by the Minister of Finance on 8 May 2006, outlines à total of recurrent expenditures of approximately US$ 180 million, which represents an increase of $36 million, or 26 per cent, over the 2005/06 figure. Furthermore, recurrent revenues of $192.5 million, or a 20 per cent increase over 2005/06, are expected. At the end of the 2005/06 fiscal year, there was a surplus of $17.5 million. The projected surplus for the 2006/07 fiscal year is $12.9 million.[17] Nevertheless, there continues to be an accumulated deficit of $26.6 million.[18]

22. Locally financed development projects are forecasted to average $33.5 million during fiscal year 2006/07, registering an increase of $10.3 million.[19]

23. The distribution of expenditures across ministries is comparable with that of the past, comprising principal allocations to the Ministry of Finance and Health (31.9 per cent), the Ministry of Education, Youth, Sports and Social Development (19.4 per cent) and the Office of the Chief Minister and Ministry of Development (15.3 per cent). The Royal Turks and Caicos Islands Police Force is being allocated 7.9 per cent of total current expenditure, which is an increase of one-half per cent over 2005/06.[20]

24. Ninety-one per cent of revenues are made up of taxes (39 per cent), fees (36 per cent) and charges (16 per cent), the majority of which would be collected in sectors related to tourism, construction and real estate, followed by the financial service sector. Major sources of revenues are import duties in connection with housing construction (projected at $67.5 million, which is an increase of about 21 per cent over 2005/06), stamp duties on land transactions ($40 million, or a

[12] www.tcifreepress.com, 13 January 2007.
[13] Ibid., 22 February 2007.
[14] www.caribbeannetnews.com, 12 February 2007.
[15] www.tcifreepress.com, 15 February 2007.
[16] Social and economic indicators 2005, Caribbean Development Bank, Economic Department, April 2006.
[17] 2006/07 Budget Address, May 2006, p. 12, 21.
[18] Kairi Consultants Limited, Main Situational Analysis Report, October 2006, p. 61.
[19] 2006/07 budget address, May 2006, p. 34.
[20] Ibid., p. 26.

26 per cent increase), accommodation taxes ($17 million, or a 24 per cent increase) and work permit fees ($19.5 million, or a 6 per cent increase).[21]

25. While the overall economy of the Territory has made great progress over the past 20 years, the Government has acknowledged the need to address considerable imbalances among the various islands and social groups. One measure taken was the launch of a 10-Year National Development Plan on 27 October 2005, reported in the previous working paper, with the aim of providing a long-term vision for the Territory's development and a strategic framework for government and private sector activities.[22] The Plan consists of a series of three-year cycles linked to the Public Sector Investment Programme and a recurrent expenditure programme.[23]

26. In recent years, the Turks and Caicos Islands have received funding from the European Union and multilateral agencies, in addition to funds from the United Kingdom. For instance, at the end of 2003, the Overseas Territories Environment Programme was launched as a joint initiative of the Foreign and Commonwealth Office and the Department of International Development of the United Kingdom. A total of £3 million was allocated for the programme, benefiting the Department of Environment and Coastal Resources.[3]

27. Under the European Development Fund (EDF)-9, the Turks and Caicos Islands is scheduled to receive grant funding of about $13 million as general budget support to assist the Government in implementing transport sector projects. There are also ongoing discussions on future European assistance to the Islands under EDF-10 that would start in January 2008.[24]

IV. Economic conditions

A. General

28. Since the 1980s, the main sectors of the economy have been upmarket tourism, international financial services, fishing, property development and real estate. Foreign investors, mainly from Canada, the United Kingdom and the United States, play a significant role in the Islands' economic life. The main focus of investment activity is the island of Providenciales.[25] The territorial Government levies no taxes on corporate or personal income, capital gains or inheritance. The United States dollar is the official currency of the Turks and Caicos Islands.

29. According to the administering Power, the economy is buoyant. In 2005, the gross domestic product (GDP) grew by 14 per cent to $479.9 million, an increase from $421.3 million in 2004, and GDP per capita was $15,683. The projected figure for 2006 was $533 million. Tourism and related real estate development, predominantly in Providenciales, account for 50 per cent of GDP, and the financial services sector account for 10 per cent.[26] The Department of Economic Planning

[21] Ibid., pp. 25-26.

[22] www.depstc.org, press release, May 2006.

[23] "Launch of the Ten-Year Development Plan for the Turks and Caicos Islands", by Mr. Hall, 27 October 2005, www.depstc.org.

[24] www.depstc.org, press releases, November 2006.

[25] www.eiu.com, Country profile, Turks and Caicos Islands Main report, 7 June 2006.

[26] Economic survey of the Caribbean 2005-2006, October 2006 (http://www.eclac.cl/cgi-bin/getProd.asp?xml=/publicaciones/sml/9/26989.xml&xsl=/portofspain/tpl-i/p9f.xsl&base=/portofspain/tpl-i/top-bottom.xslt.

and Statistics of the territorial Government reported that agriculture and fishing contributed $5.5 million, industries $74.2 million and services $358.7 million to GDP in 2005.[27]

30. The tourism and construction boom is now spreading to the Caicos Islands and Grand Turk. The territorial Government is investing heavily in infrastructure projects, such as roads, ports and airports, across the country. It is also investing in a project for two new hospitals, on Grand Turk and Providenciales.[3]

31. In comparison to the period 1990-2004, in which the unemployment rate never fell below 12 per cent, the rate in 2005 is 8 per cent. Providenciales has almost full employment, whereas on the other islands, unemployment varies between 14 and 20 per cent. Thus, inter-island migration, in search of work, is common.[3] In spite of unevenly distributed growth among the constituent islands, the economic well-being of the population improved considerably.

B. Tourism

32. The Turks and Caicos Islands tourism sector continued to record one of the fastest growth rates in the entire Caribbean. Tourist arrivals increased from 78,957 in 1995 to approximately 200,000 in 2006.[28] The tourists come mostly from the United States (77 per cent of total visitors), followed by Canada (10 per cent) and the European Union (8 per cent).[29] The vast majority of arrivals (84 per cent) are accommodated at resorts on Providenciales. The $35 million Carnival cruise ship port project in Grand Turk was completed in 2006. With several cruise ships stopping every week, the terminal has brought economic opportunities for small businesses and traders in Grand Turk, boosting the economy on the island[3] far beyond expectations, with 295,000 passengers visiting the port in the first year.[30]

33. Hotel occupancy reached a record level in 2005 with a year-long average of 60 per cent of available room-nights occupied.[31]

C. Financial services

34. Financial services, including company registration, trust business and insurance, are the second largest source of external revenue after tourism and the third largest employer in the Turks and Caicos Islands.

35. According to the administering Power, constitutional responsibility for the Territory's offshore finance sector continues to rest with the Governor.

36. The use of the United States dollar as the official currency continues to be among the attractions for offshore companies, together with the absence of direct taxation, a growing financial infrastructure, fast and straightforward company registration procedures, extensive financial freedom and confidentiality. Several

[27] www.depstc.org, labour and employment statistics.
[28] www.tcifreepress.com, accessed 9 February 2007.
[29] www.eiu.com, country profile, 7 June 2006.
[30] www.travelvideo.tv/news/comments.php, 11 January 2007.
[31] www.caribbeannetnews.com, 3 March 2006.

pieces of new legislation to enhance the regulatory framework are being prepared for adoption.[32]

37. However, according to the Main Situational Analysis Report, there was a decline in the financial services industry during the period 2000-2004, even though in 2005 an improvement was recorded, with 17,496 offshore financial services companies registered in the Territory. In view of the overall five-year decline, questions have been raised about the continued viability and future role in the economy of the financial sector.[33]

38. The Territory was among the 35 jurisdictions listed in 2000 by the Organization for Economic Cooperation and Development (OECD) as tax havens, and was removed in 2002 after committing to adhere to the OECD principles of transparency and effective exchange of information by the end of 2005. As one of its subsequent efforts, in 2003, the territorial Government created a Financial Services Commission to oversee banking, insurance and other financial services, separating the regulatory function from the Ministry of Finance.[3]

39. As reported in the previous working paper, in July 2005, the European Union's savings tax directive was brought into Turks and Caicos law.[34] Nevertheless, the negative impact of the OECD Initiative on Harmful Tax Competition, together with that of the European Union Savings Tax Directive and other measures, have been considered as factors contributing to the recent decline in the Territory's financial services industry for the first half of the decade.[35]

D. Agriculture, fisheries, construction and manufacturing

40. Agricultural production, based mostly on North and Middle Caicos, is small and consists mainly of subsistence-type farming.[36] The sector has begun to grow recently, with more produce available for sale on Providenciales and the establishment of a new farmers' cooperative. About 20 per cent of the working population is involved in agriculture and fishing.[27] Efforts are being made to develop an agricultural policy to assist local farmers and promote substitution for some food items that are currently imported. Investment in high-value, specialty export activities, such as fin-fish and shrimp farming, tropical fish breeding, hydroponic gardening and ornamental horticulture, has great potential. Fishing, a traditional activity, is the only significant productive sector and contributes 2 to 3 per cent to GDP.[3]

41. Conch and lobster are the main catches. According to the administering Power, the Turks and Caicos Islands is home to the world's only commercial conch farm, where domestic conch is raised for export. Several fish farms are being developed on an experimental basis to produce tilapia for international markets. At the same time, the demand for local farm produce exceeds the supply.[3]

42. The Department of Environment and Coastal Resources announced that it will launch an environmental awareness campaign in 2007. Among the first projects is a

[32] Information transmitted by the administering Power, 9 January 2007; Kairi Consultants Limited, Main Situational Analysis Report, October 2006, p. 51.

[33] Kairi Consultants Limited, Main Situational Analysis Report, October 2006, p. 51.

[34] See A/AC.109/2006/15. Information transmitted by the administering Power, 9 January 2007.

[35] Kairi Consultants Limited, Main Situational Analysis Report, October 2006, p. 52.

[36] Ibid., p. 55.

strategy to target businesses and define their role in the Territory's conservation efforts.[37]

43. Several international construction companies are based in the Turks and Caicos Islands. Sand and rock are quarried locally for use in construction projects, most significantly for hotels and commercial buildings.[27] According to the latest real estate sales figures, strong increases in high-value transactions can be detected. In 2006, the gross number of sales (157) rose by 44 per cent over 2005, with a total value of $83 million.[38] The new tourist properties completed in 2006 are located mainly in Providenciales.[39]

44. As reported in the previous working paper, in February 2006, the Government launched the Territory's first affordable housing programme, open to all local citizens and residents. The goal of the programme is to provide from 70 to 500 homes.[40] At the beginning of 2007, the first 107 people moved into their homes in the public housing project in Blue Hill, Providenciales.[41]

45. The production of local goods, such as handicraft, has grown in tandem with the vast economic development and tourism.[42] The only other manufacturing activity is the semi-processing of imported rice for re-export to the European Union, benefiting from certain duty preferences.[3]

E. Infrastructure

46. Transport and communication facilities are of a fairly good standard. The road network covers about 120 kilometres, with 24 kilometres of paved roads on Grand Turk, Providenciales and the Caicos Islands.[27] European Development Funds have been secured to build a new causeway to link the two largest Caicos islands (North and Middle). Following the completion of its construction, a tarmac road network from the western tip of North Caicos to the eastern tip of Middle Caicos will be built.[27]

47. There are airports capable of handling international flights on Providenciales and Grand Turk, with flights available to the Bahamas, Haiti, the Dominican Republic, Jamaica, the United Kingdom and the United States.

48. Domestic inter-island air services are provided by Skyking, Turks and Caicos Airways and some local charters. North, Middle and South Caicos each have paved airstrips. North and South Caicos have projects under way to lengthen and resurface their runways for larger jets.[43]

49. The main commercial port (South Dock) is situated in Providenciales. Grand Turk also has a commercial port. A new deep water port is under construction in North Caicos.[3]

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[37] www.caribbeannetnews.com, 20 February 2007.
[38] www.turksandcaicosproperty.com, accessed 31 January 2007.
[39] 2006/07 budget address, May 2006, p. 25.
[40] See A/AC.109/2006/15.
[41] www.tcifreepress.com, 27 January 2007.
[42] www.tcinvest.tc/manufacturing.htm.
[43] Information transmitted by the administering Power, 9 January 2007; www.eiu.com, country profile, 7 June 2006.

50. As reported in the previous working paper, Cable and Wireless, a British telecommunications company, used to provide all domestic and international telephone services in the Territory. In July 2004, the Telecommunications Bill introduced gradual liberalization of the sector and created a commission to regulate the industry. With the liberalization of the telecommunications industry, Digicel is now operating in the Territory in direct competition with Cable and Wireless. This has extended the range of services available and improved mobile phone coverage. A third operator — Island.com — is preparing to apply for a licence.[44]

51. There are 12 cable television channels on Grand Turk and 32 on Providenciales, and 6 radio stations. There are no daily newspapers. *The Free Press*, the *Turks and Caicos News* and the *Turks and Caicos Sun* are published weekly. The *Times of the Islands*, a magazine aimed at business and tourism, is issued quarterly.[27]

V. Social conditions

A. Immigration and labour

52. The new draft legislation on immigration is being prepared. As previously reported, at the beginning of 2004, the Immigration Review Commission presented a report containing proposals for changes in the immigration laws to bring the Turks and Caicos Islands in line with similar laws of the countries in the region. The Chairman of the Commission reported that changes to the immigration law had become necessary owing to a substantial increase in the resident population of the Territory fuelled by rapid economic growth. This population increase has had a significant impact on the health, education and other social services requirements in the Islands.[36]

53. As reported in the previous working paper, some social problems, such as overcrowding, housing shortages and an increase in the number of female-headed households, have resulted from this skewed pattern of development.[36]

54. The vast majority of the total number of people employed (12,371 of 17,442) were engaged in services, followed by industries (2,929) and agriculture and fishing (247). The second largest group of employees besides Turks and Caicos islanders were Haitians, comprising 3,364 in 2005.[45]

55. Under the Employment Ordinance 2004, beginning on 1 December 2006, the Turks and Caicos Islands have a minimum basic wage of $5 per hour.[46]

[44] Information transmitted by the administering Power, 9 January 2007; www.eiu.com, country profile, Turks and Caicos Islands, main report: 7 June 2006.

[45] www.depstc.org, labour and employment statistics.

[46] www.caribbeannetnews.com, 1 December 2006.

B. Education, youth and sports

56. Education in the Territory is free and compulsory for children from 5 to 16 years of age. There are 14 Government-run primary schools and four Government-run secondary schools. The pupil-teacher ratio averages 25:1. There are also a number of private schools. As to higher education, there is also a community college with branches on Grand Turk and Providenciales that provides two-year courses, mostly in vocational subjects. The adult literacy rate is 98 per cent.[3]

57. The increased amount of projected expenditure for the 2006/07 fiscal year includes an increase in the support to the Sports Commission to $818,396 and in scholarship costs to $13 million.[47] The United Kingdom announced that as from 2007, citizens from the Overseas Territories will benefit from the home student fee rate at English universities.[48]

58. The Territory opened its first hotel school on 6 January 2007, which offers specialized courses to help the interested Turks and Caicos islanders enter the tourist industry.[49]

59. For the first time in history Turks and Caicos Islands will host the Caribbean Free Trade Association Games, on Providenciales on 6 and 7 April 2007.[50]

C. Health

60. The public hospital network is comprised of the main facility, the Grand Turk Hospital and the Myrtle Rigby Health Clinic, both located on Providenciales. There are nine community health clinics on six islands: a 30-bed health complex on Grand Turk; a government clinic on Providenciales; two clinics on each of Middle Caicos and Caicos; and a clinic on each of South Caicos and Salt Cay.[51]

61. For anything other than basic health care, Turks and Caicos islanders receive treatment in Miami, United States, at the expense of the territorial Government. The Government is investing in a project to build two new hospitals on Grand Turk and Providenciales which will provide 20 and 60 new hospital beds on those islands, respectively. The costs will be partially funded by a new National Insurance Scheme.[3]

62. The 2005/06 budget provided approximately $28 million to health services compared with $15 million the previous fiscal year.[52] Health represented an area of major cost overruns during the period 2005/06.[53] An effort to contain costs will be the establishment of the new Dialysis Unit on Providenciales, which would lessen inter-islands travel costs. The budget for drugs and medicine at the Grand Turk

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[47] 2006/07 budget address, May 2006, p. 28.

[48] http://www.fco.gov.uk, 23 November 2006, Lord Triesman, Overseas Territories Minister, eighth meeting of the Overseas Territories Consultative Council on 21 and 22 November 2006.

[49] www.suntci.com, 2 February 2007.

[50] www.jonesbahamas.com, 18 April 2006.

[51] Kairi Consultants Limited, Main Situational Analysis Report, October 2006, p. 81.

[52] 2006/07 budget address, May 2006, p. 27; Kairi Consultants Limited, Main Situational Analysis Report, October 2006, p. 83.

[53] Kairi Consultants Limited, Main Situational Analysis Report, October 2006, p. 83.

Hospital and Myrtle Rigby Health Complex has been increased to $800,000 and $650,000, respectively.[54]

D. Crime

63. The Territory is confronted with two principal problems related to crime, drug trafficking and illegal immigration, mostly from Haiti. The territorial Government has invited the Government of Haiti to negotiate a memorandum of understanding covering the smuggling of Haitians and their return. On a monthly average, 400 persons arrive in the Territory by boat, predominantly on Providenciales, where some seek work and others try to move on to the Bahamas or the United States. The Police Department is actively engaged in border control and the detection and return of illegal immigrants, with additional vehicles, aircraft, equipment and staff used for detecting illegal migrants, and boats to patrol Turks and Caicos territorial waters to counter illegal migration and fishing.[55]

64. Other problems include the increase in criminal activities among children and teenagers and the rise of serious criminal cases over the past two years to 61 in 2006. The number of children under 15 years of age who committed crimes doubled during the period 2005-2006; 18 children were arrested and charged in the first half of 2005 as compared with 9 in 2006.[56] According to the Supreme Court of the Turks and Caicos Islands, the fivefold increase in the number of cases still does not reflect the full extent of criminal activities taking place.[57] With regard to juvenile delinquency, the territorial Government wants to develop a juvenile facility in cooperation with the Northern Caribbean University in Mandeville, Jamaica.[58]

65. Information on the applicability of the United Nations Convention against Corruption is contained in paragraph 69 below.

VI. Relations with international organizations and partners

66. In March 2006, the Turks and Caicos Islands was granted associate membership in the United Nations Economic Commission for Latin America and the Caribbean.[20] The Islands are expected to be admitted as an associate member of the Commission's Caribbean Development and Cooperation Committee at its next ministerial session, to be held in January 2008.[59]

67. The Turks and Caicos Islands is an associate member of the Caribbean Community and of the Association of Caribbean States.[60] The Territory is a member of the Caribbean Development Bank and the International Criminal Police Organization (Interpol). According to the administering Power, closer links are being sought with the Organisation of Eastern Caribbean States and with the neighbouring Bahamas.[3]

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[54] 2006/07 budget address, May 2006, p. 27.

[55] Information transmitted by the administering Power, 9 January 2007; the Associated Press, 21 February 2007.

[56] www.tcifreepress.com, 24 November 2006.

[57] www.tcifreepress.com, 19 January 2007.

[58] www.jamaica-gleaner.com, 7 April 2006.

[59] As are the Cayman Islands. See E/2006/47.

[60] www.acs-aec.org, Pressrelease13, 2006.

68. As a Non-Self-Governing Territory of the United Kingdom, the Turks and Caicos Islands is associated with the European Union but not a part of it. The Territory has yet to establish its relation to the European Union's Economic Partnership Agreement.[61]

69. At the Overseas Territories Consultative Council meeting, held in London on 21 and 22 November 2006, the United Kingdom and the Overseas Territories represented at the Council, including the Turks and Caicos Islands, inter alia, agreed in principle that the United Nations Convention against Corruption would be extended to the Overseas Territories at the earliest opportunity.[62]

70. Information on United Nations system activities involving the Turks and Caicos Islands, including on consultations concerning the International Labour Conventions and the International Labour Recommendations, can be found in document E/2006/47.

VII. Future status of the Territory

A. Position of the territorial Government

71. The position of the territorial Government regarding the future status of the Turks and Caicos Islands is discussed in chapter II above in connection with the constitutional modernization review exercise.

B. Position of the administering Power

72. On 24 April 2006, while visiting the Turks and Caicos Islands, Overseas Territories Minister Lord Triesman took stock of the relationship between the United Kingdom and the Overseas Territories seven years on from the 1999 White Paper,[63] and reiterated the approach of the United Kingdom as follows:

> "As the White Paper made clear, the United Kingdom will always be ready to help any Territory become independent where this is an option and if that is the clear and settled will of the people. The United Kingdom has no desire for any Territory to remain British against its people's wishes. We have no continuing colonial objectives.
>
> "However, if the people of a Territory wish to retain the British link, then the United Kingdom will continue to honour its responsibilities for it. But I am, and I should be, answerable to the United Kingdom Parliament for the Territories. As long as the United Kingdom retains those responsibilities, it needs to be in a position where it can discharge them properly. And that means that the United Kingdom needs to retain a sufficient level of powers to do this.

[61] See European Union publication entitled "Caribbean Economic Partnership Agreement", 2006, p. 13.

[62] http://www.fco.gov.uk, 23 November 2006. (The British Virgin Islands had already agreed to this and all the other territories had signified their agreement in principle.)

[63] "Partnership for Progress and Prosperity: Britain and the Overseas Territories", White Paper submitted to the House of Commons on 17 March 1999 by the United Kingdom Secretary of State for Foreign and Commonwealth Affairs; see A/AC.109/1999/1, annex.

"In this process, the Governor, who also represents the Territory to the United Kingdom Government, has a vital role. He or she must ensure, in partnership with the Territory Government, that high standards are maintained in key areas, such as the public service, the police, the judiciary, finance, aviation and maritime security — indeed security generally — and human rights, in the interests of the peoples of the Territory as a whole.

"In this context, it might be helpful if I set out the United Kingdom position on alternative forms of relationship, some of which I know have been discussed here in the Turks and Caicos Islands in recent weeks. United Nations General Assembly resolution 1541 (XV) set out some options for the relationship between administering Powers and Territories, including independence, integration and free association. The United Kingdom did not vote in favour of that resolution and does not regard itself as bound by it. Integration would mean the Turks and Caicos Islands or any of the other Territories becoming a full part of the United Kingdom, like the Isle of Wight. It would mean that the people of the Territory would have to pay United Kingdom taxes. And United Kingdom policy would apply in areas that have traditionally been the responsibility of the Territory Government — for example education and health.

"I do not believe that this is an option that would find favour in the Territories. Nor does it in the United Kingdom. The option of free association is also unacceptable. As defined by the United Nations, it would mean the Territory drawing up its Constitution free from any outside involvement. The United Kingdom would retain all the responsibilities for the Territory, but would not be able to ensure that it had the powers to enable it to fulfil these responsibilities. Ministers answerable to Government in Westminster cannot, and should not, put themselves in that position. So our aim is to work for a relationship with the Territory Government which satisfies the needs of both sides."[64]

73. Moreover, on 5 October 2006, in a statement before the Special Political and Decolonization Committee (Fourth Committee) during the sixty-first session of the General Assembly, the representative of the United Kingdom said that the criteria used by the Committee of 24 in its deliberation on whether a Non-Self-Governing Territory should be "de-listed" were outdated and failed to take account of the way that relationships between the United Kingdom and its Overseas Territories had been modernized, in a way that was acceptable to both parties.[65]

74. In a separate communication dated 9 January 2007, the administering Power expressed its belief that the Turks and Caicos Islands now enjoys a high degree of self-autonomy. The United Kingdom will support moves to independence, where this is an option, if that is the clear and constitutionally expressed wish of the majority of people in the Territory concerned. As long as the Territory chooses to retain its link with the United Kingdom, the relationship will remain one of partnership. The key is to try to reconcile the desire of the Government of Turks and Caicos Islands for greater autonomy and self-government with the responsibility of the United Kingdom to ensure good governance so as to protect the impartiality of

[64] "'A Successful Future' — Triesman Speech, Turks And Caicos Islands" 24 April 2006, www.fco.gov.uk.

[65] Information transmitted by the administering Power, 15 January 2007; see also A/C.4/61/SR.5.

the public service and the independence of the judiciary and to ensure compliance with relevant international obligations.[3]

C. Action by the General Assembly

75. On 14 December 2006, the General Assembly adopted, by a vote of 173 to none, with 4 abstentions, resolutions 61/128 A and B. Section X of resolution 61/128 B concerns the Turks and Caicos Islands.

United Nations A/AC.109/2007/6

General Assembly

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Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

Pitcairn

Working paper prepared by the Secretariat

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I. Background information

1. Pitcairn[1] is a Non-Self-Governing Territory administered by the United Kingdom of Great Britain and Northern Ireland. The Territory is located midway between Australia and the continent of South America at 25°S and 130°W. It comprises four islands in the eastern Pacific Ocean: Pitcairn, the only inhabited island (named after Robert Pitcairn, a midshipman who sighted it in 1767), Henderson, Ducie and Oeno. The total area of the Territory is 35.5 sq km while that of Pitcairn is 4.35 sq km.[2]

2. Access to Pitcairn is possible only by sea, usually by container vessels plying between New Zealand and the United Kingdom or from the eastern seaboard of the United States or the Caribbean, via the Panama Canal. A number of cruise ships also call at Pitcairn. Charter boats from Mangareva in French Polynesia are increasingly being given access to the Island. Ships visiting the Island remain at anchor some distance from the shoreline and visitors are ferried to the Island in longboats.

3. The terrain in Pitcairn is of rugged volcanic formation, with a rocky coastline and cliffs lining nearly the entire perimeter of the island, giving no easy access from the sea. Although canoes can be launched in many places, Bounty Bay and the Tedside landing are the only two places on the island that offer a reasonably safe landing. Pitcairn enjoys a subtropical climate. Mean monthly temperatures vary from around 19°C in August to 24°C in February.

4. Pitcairn was uninhabited when castaways from HMS Bounty (9 mutineers and 18 Polynesians) arrived there in 1790. Today, Pitcairn is inhabited partly by their descendants. Its population has been declining steadily since 1937, when it was approximately 200. As of February 2007 the total population of the Territory was 47. It is common for young people to leave the Territory at the age of 15 (usually in their third year of secondary schooling) to attend secondary school in New Zealand. The continuing exodus of young people has been a concern to the Islanders for many years. The entire population lives in Adamstown, the only settlement in Pitcairn.

5. The official languages are English and Pitkern, which is a mixture of eighteenth century English and Tahitian.

II. Constitutional, political and legal issues

6. The Pitcairn Order 1970 and the Pitcairn Royal Instructions 1970 are, in effect, the Constitution of Pitcairn. These instruments established the office of Governor and regulate his powers and duties. The Governor is appointed by the Queen, acting on the advice of the Secretary of State for Foreign and Commonwealth Affairs of the United Kingdom, to whom he is accountable. In practice, the High Commissioner of the United Kingdom to New Zealand is appointed concurrently as Governor of

[1] The information contained in the present working paper has been derived from published sources, including those of the territorial Government, and from information transmitted to the Secretary-General by the administering Power under Article 73 e of the Charter of the United Nations.

[2] The Far East and Australasia, 2005, Europa Publications.

Pitcairn and the responsibility for the administration of the Island is accordingly vested in him. The current Governor of Pitcairn is Richard Fell.

7. Under the 1970 Order, the Governor has legislative authority for Pitcairn and is empowered to formulate laws on any subject. However, according to the administering Power, the Royal Instructions require him to obtain the prior approval of the Secretary of State for the enactment of certain classes of laws, including laws which appear to him to be inconsistent with the United Kingdom's treaty obligations and laws which discriminate between different communities or religions. Laws enacted by the Governor are styled ordinances. Formally, all ordinances are subject to disallowance by the Queen, on the advice of the Secretary of State. The Government of the United Kingdom retains the power to legislate directly for Pitcairn by an Act of Parliament or an Order in Council. It is under his legislative power that the Governor establishes courts for Pitcairn and regulates their jurisdiction and procedures. The 1970 Order also vests in the Governor the power to appoint persons to offices in the public service and to remove or discipline them. In response to requests from the Island for closer integration with the Governor's Office, a Governor's Representative (a member of the British Diplomatic Service) has been stationed on the Island since early 2003 to provide a direct line of communication to and from the Governor's Office.

8. The major part of the general administration of Pitcairn is conducted from the Pitcairn Islands Office in Auckland, New Zealand, which is run by a Commissioner appointed by the Governor. Pitcairn Islanders manage their internal affairs through the Island Council, which was established by the Local Government Ordinance. The Ordinance conferred on the Council the duty to provide for the enforcement of the laws of Pitcairn and empowered it to make regulations for the good administration of Pitcairn, the maintenance of peace, order and public safety and the social and economic advancement of the Islanders.

9. The Council is required to meet at least once a month. It consists of 10 members: the Island Mayor, who is elected every three years (elections took place for the first time in 1999 when the century-old practice of naming a magistrate to head the local government ended); the Chairman of the Internal Committee, who is elected annually; four Councillors, who are also elected annually; the Island Secretary, who is a public officer and serves on the Council ex officio; one nominated member, who is appointed annually by the Governor; and two advisory (non-voting) members, one of whom is appointed annually by the other members of the Council.

10. The decisions of the Island Council are implemented by the Internal Committee, whose principal function is to organize and implement the public works programme, for which all adult and able-bodied Pitcairn Islanders are responsible. The Committee comprises the Chairman and such other persons (not being members of the Council or public officers) as the Council, with the Governor's approval, may appoint.

11. For people not native to Pitcairn, three years of residence and being 18 years old are required to vote. Candidates for the posts of Mayor and Councillors must be at least 21 years of age and native to Pitcairn or resident on the Island for the previous three years. The Island Secretary prepares the register of voters in October of each year, and elections are held during the first two weeks in December. The Island Secretary and other non-elected officials of the local government, including

the Postmaster, Communications Officer, Island Auditor and Police Officer, are appointed by the Governor, invariably after consultation with the Council.

12. An Island Magistrate is appointed from among the residents of Pitcairn. Other magistrates, legally qualified in a Commonwealth country, are appointed to preside over the Court in matters outside the powers of the Island Magistrate. The jurisdiction of the Court is limited to offences triable summarily, committal proceedings and certain inquiries together with civil litigation up to a prescribed level. There is a right of appeal from the Court to the Supreme Court of Pitcairn, which is a superior Court of record and has jurisdiction in criminal and civil cases outside the competence of the Magistrate's Court. The Supreme Court is constituted by a judge, the Chief Justice or one of several puisne judges, with or without assessors. Further rights of appeal may be made to the Pitcairn Court of Appeal, comprising three judges, and the Privy Council.

13. According to the administering Power, the Pitcairn Courts have jurisdiction in relation to human rights arising out of the laws in force in the Islands. The judiciary and the Governor have a corresponding jurisdiction to uphold and enforce human rights in the Islands. Although the European Convention on Human Rights has not been extended to Pitcairn under article 63 of the Convention, the Pitcairn Court of Appeal has held that basic human rights apply to Pitcairn despite the fact that the Convention does not there apply.

14. Any violation of the civil or political rights of any person is justiciable by means of injunction and damages that may be awarded by the Supreme Court. That court has inherent power and jurisdiction to award compensatory damages and, in certain cases, punitive damages, as well as to give binding directions to secure the rehabilitation of such persons. In the circumstances of Pitcairn, the Governor, as holder of the highest executive office, and the Chief Justice, as head of the judiciary, are responsible within their respective spheres of authority for overseeing the implementation of human rights on Pitcairn.

15. The administering Power has further noted that the laws in force in the Territory, including those relating to human rights, are published by the Government of the United Kingdom and the Pitcairn Administration and are readily available to all on the Island through the Island Secretary's office. The Territory's reports to international bodies are prepared by the Government of the United Kingdom, drawing on information provided by the Governor and the Commissioner.

III. Economy

16. The principal sources of income for Pitcairn's public economy are sales of stamps, Internet domain names and revenue from interest and dividends. In 2005-2006 expenditure was roughly NZ$ 2.2 million and income for the year NZ$ 210,000. Pitcairn's reserves were exhausted in late 2003 and the island now receives budgetary assistance from the United Kingdom Department for International Development. Budgetary aid of NZ$ 1.7 million was provided in 2005-2006 to help meet the operating budget deficit. Significant development funds have been allocated for infrastructure projects by the Department for International Development and the European Union. In 2005 projects were completed by the United Kingdom Government to repair and upgrade the island's jetty and slipway and construct a sealed road — Pitcairn's first — from the landing area to the

Adamstown settlement. A new museum was also constructed to provide a focal point for the community and for tourist visitors

17. The private economy of Pitcairn is based on subsistence gardening and fishing and the sale of handicrafts, mainly to passing ships. The fertile soil of the valleys produces a wide variety of fruits and vegetables. Fish is the main source of protein in the Islanders' diet.

18. Pitcairn exports fruits, vegetables, handicrafts and high quality honey and imports, mostly from New Zealand, fuel oil, machinery, building materials, cereals, milk, flour and other foodstuffs. The latter are ordered several months in advance and are obtainable through a cooperative store, established in 1967. It is hoped that an increase in Pitcairn's food export business will add substantially to the Territory's economy. Pitcairn's products are sold in New Zealand, Japan and the United States of America. The Pitcairn Island Producers' Cooperative, established in 1999, promotes and coordinates the distribution of products produced by its members. A number of Pitcairn items are available directly from Pitcairn through the Internet. Given the remoteness of Pitcairn, customers must allow up to six months or more for delivery and, when paying for orders by cheque, customers are advised to leave their cheques updated because of the long time it takes to process them.

19. Information on land distribution issues is provided in the 2005 working paper (A/AC.109/2005/10).

20. In September 2006 Pitcairn received a new communications system funded by the United Kingdom Government. This system provided the Island with telephones in all homes, a stable Internet system, a limited television service and videoconferencing capabilities to allow greater contact with the Governor's and Commissioner's Offices in New Zealand and to provide telemedicine and educational services. A range of additional infrastructure projects is now being planned for 2007. These include the construction of a breakwater and the provision of 24-hour electricity using wind power. Currently, diesel-driven generators provide 240-volt electric power for approximately four hours each evening and for two hours each morning. Also, a new freight shipping route via French Polynesia has been opened, and it is hoped that a regular passenger service will be added in mid-2007.

21. Internet users worldwide can acquire a ".pn" suffix that is permanently awarded to Pitcairn. The fees for the acquisition of a ".pn" domain are US$ 200 for the first registration, which covers two years, and US$ 100 for the annual renewal.

IV. Social and educational conditions

22. The population of the Territory is self-employed, but allowances and wages are paid to members of the community who participate in local government activities or perform communal services. Public work, which is required by law of all men and women between 15 and 65 years of age, is partly a relic of the society created by the mutineers and partly a necessity born of the basically tax-free economy. The most essential of the traditional public duties are concerned with Bounty Bay and the maintenance of the public boats. Installations in the Bay are provided mainly from general revenue and grants from the United Kingdom. The only jobs in the Territory are government posts, which are normally reserved for permanent residents of

Pitcairn. There are no banking facilities, but undated personal cheques and traveller's cheques may be cashed at the Island Secretary's office.

23. Education is free and compulsory for all children between 5 and 15 years of age. Pitcairn's only school, which was completely rebuilt in 2006, is operated and financed by the Government. Instruction is in English and is based on the New Zealand standard curriculum. The Education Officer, who is also the editor of the *Pitcairn Miscellany*, the Territory's only newspaper, is a trained teacher recruited from New Zealand, usually for a one-year term. As a point of practicality, post-primary education is conducted at the school by correspondence courses arranged through the New Zealand Department of Education. Overseas secondary education is encouraged by the grant of bursaries and a number of students have received secondary education in New Zealand at the expense of the Government of Pitcairn. In November 2006, following a meeting of the Overseas Territories Consultative Council, the United Kingdom announced that citizens from the Overseas Territories would benefit beginning in 2007 from the home student fee rate at English universities.[3]

24. The Seventh Day Adventist Church is the only Church on the Island. A pastor from New Zealand is currently stationed on the Island.

25. The Pitcairn Island Health Centre, completed in 1997, was funded by the United Kingdom Government Overseas Development Administration. It has an examination room, a dental clinic, an X-ray room and a two-bed ward for overnight patients. A general practitioner, recruited from New Zealand, is stationed on the Island on a three-month rotation, assisted by an assistant nurse and a local dental officer, who also acts as an X-ray technician. The Government has also funded a social welfare programme, which ensures the presence of two social workers on the Island at all times.

26. Built with a grant from the Government of the United Kingdom, Pitcairn Island has a new museum building. Artefacts on display include stone tools made by Polynesians prior to the arrival of the mutineers as well as cannonballs, an anchor and a swivel gun from the Bounty.[4]

27. According to the administering Power, there is ongoing public interest in certain cases of serious sexual offences against young persons on Pitcairn. These include numerous criminal charges of rape and indecent assault. Thirteen men were charged with a total of 96 offences. The trials of the seven on-island defendants were held on Pitcairn from September to November 2004: six of them, including individuals holding public office, were convicted on a number of counts. Four men received custodial sentences.

28. The convicted men appealed to the Pitcairn Court of Appeal and from there to the Privy Council in London on a range of issues. These included the sovereignty of the Pitcairn Islands, the promulgation of English law on the Island, delay, and other issues that they claimed were an abuse of process. Their appeals were finally dismissed by the Privy Council in a judgement handed down on 30 October 2006. This judgement stated that "infinite care appears to have been taken by all those

[3] www.fco.gov.uk, 23 November 2006, Lord Triesman, Overseas Territories Minister, eighth meeting of the Overseas Territories Consultative Council (OTCC) on 21 and 22 November.

[4] "Pitcairn museum shows Bounty treasures", by Nick Squires in Sydney, Telegraph, London, 31 August 2006.

involved to ensure that the investigation and the proceedings were conducted fairly. It is very much to the credit of the authorities, the legal representatives of the parties and those responsible for arranging the hearings in the courts below and before us that matters were handled so well. Clearly this involved the expenditure of considerable resources, and I commend those who were responsible for making the resources available. From my reading of the voluminous papers it has meant that every issue which could be raised on behalf of the appellants has been fully canvassed and justice has been done. It is reassuring that such care has been taken to achieve justice for a small community of limited means."[5]

29. The custodial sentences of three of the convicted men have begun in the Pitcairn prison, which is staffed by professional officers on contract to the Island from the New Zealand Department of Corrections. One further offender has been granted home detention by the Pitcairn Parole Board. The community-based sentences of the other two convicted men have also begun. The trials of two more Pitcairn men, Brian Michael John Young (resident in Australia) and Shawn Brent Christian (resident in New Zealand), took place in the Pitcairn Supreme Court sitting in Auckland in December 2006. Guilty verdicts were handed down on 9 January 2007. On 5 March, both were jailed after returning to Pitcairn, where they received sentences of six-and-a-half years, and three-and-a-half years, respectively. In the case of Brian Michael John Young, Chief Justice Charles Blackie said he was extending the sentence to the longest prison sentence yet because of his abhorrent attacks on girls aged from 7 to 15 over a long period of time in the 1970s.[6] A further New Zealand resident Pitcairner pleaded guilty to charges of indecent assault before the Pitcairn Supreme Court in November 2006. He was fined NZ$ 2,000. The extradition of a New Zealander is also still being sought on charges of rape and indecent assault.

30. The situation has been viewed with concern by the Islanders, since, among other things, it takes four men to handle the longboats, which take passengers to and from the Island. According to the administering Power, three of the men who received custodial sentences are able-bodied men who can assist in the handling of the longboats. In addition, prison regulations allow prisoners on the Island to work outside the prison under supervision and, in certain circumstances, to be temporarily released for employment. According to information provided by the administering Power, this will be a matter for the prison authorities to decide upon.

V. Future status of the Territory

A. Position of the territorial Government

31. The last statement made by a representative of the Island Mayor to the Pacific Regional Seminar on decolonization was made in Madang, Papua New Guinea, from 18 to 20 May 2004. It is summarized in the report of the Special Committee of 24 for 2004.[7]

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[5] Information provided by the administering Power.

[6] Deutsche Presse Agentur, 4 March 2007; Agence France-Presse, 5 March 2007.

[7] See *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 9* (A/59/23), chap. II, annex.

32. It should be noted, however, that with regard to self-determination, the representative reiterated that the people of Pitcairn did not fully understand all the possibilities or the significance of the various self-determination options that might be available to them. The attention demanded by the new projects mentioned above had also served as a diversion. Knowing that Pitcairn's constitutional review had been deferred until after 2006, he added that it seemed logical to precede this process with discussions on self-determination. To that end, he said that Pitcairn would gain maximum benefit in understanding its political future from a United Nations visiting mission. He added that Pitcairn also remained eager to develop, with the Special Committee and the Government of the United Kingdom, a work programme in accordance with the Committee's proposal of 2000 (see A/AC.109/2001/2).

B. Position of the administering Power

33. In a statement made on 24 April 2006 while visiting the Turks and Caicos Islands, the Overseas Territories Minister Lord Triesman took stock of the relationship between the United Kingdom and the Overseas Territories seven years on from the 1999 White Paper entitled "Partnership for Progress and Prosperity: Britain and the Overseas Territories",[8] and reiterated the United Kingdom's approach as follows:

> "As the White Paper made clear, the United Kingdom will always be ready to help any Territory become independent where this is an option, and if that is the clear and settled will of the people. The United Kingdom has no desire for any Territory to remain British against its people's wishes. We have no continuing colonial objectives.
>
> "However, if the people of a Territory wish to retain the British link, then the United Kingdom will continue to honour its responsibilities for it. But I am, and I should be, answerable to the United Kingdom Parliament for the Territories. As long as the United Kingdom retains those responsibilities, it needs to be in a position where it can discharge them properly. And that means that the United Kingdom needs to retain a sufficient level of powers to do this.
>
> "In this process, the Governor, who also represents the Territory to the United Kingdom Government, has a vital role. He or she must ensure, in partnership with the Territory Government, that high standards are maintained in key areas such as the public service, the police, the judiciary, finance, aviation and maritime security — indeed security generally — and human rights, in the interests of the peoples of the Territory as a whole.
>
> "In this context, it might be helpful if I set out the United Kingdom position on alternative forms of relationship, some of which I know have been discussed here in Turks and Caicos Islands in recent weeks. United Nations General Assembly resolution 1541 (XV) set out some options for the relationship between administering Powers and Territories, including independence, integration and free association. The United Kingdom did not

[8] "Partnership for Progress and Prosperity: Britain and the Overseas Territories", White Paper submitted to the House of Commons on 17 March 1999 by the United Kingdom Secretary of State for Foreign and Commonwealth Affairs; reproduced in A/AC.109/1999/1, annex.

vote in favour of that resolution, and does not regard itself as bound by it. Integration would mean the Turks and Caicos Islands or any of the other Territories becoming a full part of the United Kingdom, like the Isle of Wight. It would mean that the people of the Territory would have to pay United Kingdom taxes. And United Kingdom policy would apply in areas that have traditionally been the responsibility of the Territory Government; for example, education and health.

"I do not believe that this is an option that would find favour in the Territories. Nor does it in the United Kingdom. The option of free association is also unacceptable. As defined by the United Nations, it would mean the Territory drawing up its Constitution free from any outside involvement. The United Kingdom would retain all the responsibilities for the Territory, but would not be able to ensure that it had the powers to enable it to fulfil these responsibilities. Ministers answerable to government in Westminster cannot, and should not, put themselves in that position. So our aim is to work for a relationship with the Territory Government which satisfies the needs of both sides."[9]

34. Moreover, in a statement made at the 5th meeting of the Special Political and Decolonization Committee (Fourth Committee) during the sixty-first session of the General Assembly, the representative of the United Kingdom said that the criteria used by the Special Committee of 24 in its deliberation on whether a Non-Self-Governing Territory should be "delisted" were outdated and failed to take account of the way that relationships between the United Kingdom and its Overseas Territories had been modernized, in a way that was acceptable to both parties (see A/C.4/61/SR.5).

C. Action by the General Assembly

35. On 14 December 2006, the General Assembly adopted with a vote of 173 to none, with 4 abstentions, resolutions 61/128 A and B. Section VIII of resolution 61/128 B concerns Pitcairn.

[9] "A Successful Future", Triesman speech, Turks and Caicos Islands, 24 April 2006; see www.fco.gov.uk.

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Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

United States Virgin Islands

Working paper prepared by the Secretariat

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I. Background information

1. The United States Virgin Islands[1] is a Non-Self-Governing Territory administered by the United States of America. The Territory is located in the eastern part of the Caribbean Sea, approximately 1,000 miles south-east of Miami and 45 miles east of Puerto Rico. The Territory is made up of three main islands (St. Croix, St. John and St. Thomas) and one small island (Water Island), transferred in 1996 by the United States Department of the Interior to the jurisdiction of the territorial Government. The capital, Charlotte Amalie, is located on St. Thomas. The Islands were Danish territory from 1754 to 1917, when they were purchased for US$ 25 million by the United States of America. The Office of Insular Affairs carries out the Secretary of the Interior's responsibilities for the Territory.

2. The population of the Territory in 2006 stood at 108,605, with approximately 4,250 people living in St. John and the rest almost equally divided between St. Thomas and St. Croix. About 50 per cent of the population is younger than 35 years of age. The composition of the Territory's population is 78 per cent black, 10 per cent white and 12 per cent other.[2]

3. The United States Virgin Islands constitute an organized, unincorporated Territory of the United States. With the adoption by the administering Power of the Organic Act of the Virgin Islands (1936) and its revision in 1954, the Territory was granted a measure of self-government over local affairs. Executive power is vested in a Governor, who has been elected on the same ticket as the Lieutenant-Governor since 1970 by popular vote for a four-year term. The Governor is limited to two consecutive terms, but can be elected again after one full term out of office. The Governor appoints, with the advice and consent of the Legislature, the heads of the executive departments and has the power to approve or veto legislation and issue executive orders. On the national level, the Territory elects a delegate to the United States Congress, who is able to vote in committees.

II. Constitutional, political and legal issues

A. General

4. Since the Organic Act of the Virgin Islands was revised by the administering Power in 1954, there have been four attempts to replace it with a locally written constitution approved by the people of the Territory, which would organize the internal mechanisms of Government. Although the United States Congress authorized the adoption of a local constitution in 1976, none of the four attempts has been successful. Regarding the Territory's political status, the first and only referendum on a range of political options was conducted in 1993. However, only 27 per cent of the electorate voted and, of those, 80.3 per cent voted to retain the current status. The result was considered invalid since less than 50 per cent of the electorate had voted.

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[1] The information contained in the present paper has been derived from published sources, including those of the territorial Government, and from information transmitted to the Secretary-General by the administering Power under Article 73 *e* of the Charter of the United Nations.

[2] Office of Insular Affairs (www.pacificweb.org); United States Central Intelligence Agency, *The World Factbook*, 2007.

5. In October 2004, former Governor Charles W. Turnbull signed into law the Fifth Constitutional Convention, which was to be the fifth attempt at elaborating a local constitution. The Convention was to be formed by 30 local delegates to be chosen in a special election in February 2006. The Convention was to forward a draft to the Governor, who then would submit it to the United States President. Upon approval by the United States Congress, a referendum to ratify the document could be held.[2] In his 2005 State of the Territory address, former Governor Turnbull supported this proposal, calling it perhaps the best mechanism to adopt their own constitution.[3] The Territory's Legislature, in December 2005, decided to postpone the Convention until July 2007, stating that more time was needed for proper preparation.[4]

6. At the Caribbean regional seminar on decolonization, held in May 2005, the President of the United Nations Association of the United States Virgin Islands, Judith Bourne, reiterated the need for authoritative information and education on international status issues of Non-Self-Governing Territories, and on the self-determination options available to their people. She noted that while the Fifth Constitutional Convention legislation appeared to suggest an act of self-determination, federal law, however, clearly stated that "no constitution that the United States Virgin Islands adopts can affect its status as a 'territory or other property' of the United States as referred to in the territorial clause of the United States Constitution". United States Public Laws 94-584 of 21 October 1976, and 96-597 of 24 December 1980, specified that such a constitution should "recognize, and be consistent with, the sovereignty of the United States over the Virgin Islands ..., and the supremacy of the provisions of the Constitution, treaties, and laws of the United States applicable to the Virgin Islands ..., including, but not limited to, those provisions of the ... Revised Organic Act of the Virgin Islands ... which do not relate to local self-government".[5]

7. Information on legal issues can be found in the 2005 working paper (A/AC.109/2005/9). A new development, however, took place in December 2006 when the United States Virgin Islands Supreme Court swore in its first judges. The Territory has had the right to create a Supreme Court since 1984 but did not do so until former Governor Turnbull signed the measure into law in October 2004. According to United States Virgin Islands Bar Association President Amos Carty, the establishment of the Supreme Court will eliminate federal judicial involvement in purely local legal matters.[6]

B. Recent elections and political developments

8. In the November 2006 election for the position of Governor, John deJongh of the Democratic Party won a run-off against the Independent Party candidate with 57 per cent of the vote. Another Democrat, Donna M. Christensen, was re-elected to

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[3] State of the Territory address, delivered by Governor Charles W. Turnbull on 31 January 2005 and reproduced in full by *St. Thomas Source* on 1 February 2005 (www.onepaper.com/stthomasvi).

[4] *The Virgin Islands Daily News*, 23 December 2005.

[5] For a summary of the statement, see *Official Records of the General Assembly, Sixtieth Session, Supplement No. 23* (A/60/23), chap. II, annex, para. 37.

[6] www.caribbeannetnews.com, 21 December 2006.

her sixth two-year term as the United States Virgin Islands Delegate to the United States Congress, with 63 per cent of the vote. In January 2007, Ms. Christensen assumed the chairmanship of the Subcommittee on Insular Affairs of the House Committee on Natural Resources.[7]

9. With regard to the delegate to the United States Congress, in January 2007, limited floor voting rights were restored by the United States House of Representatives. The change is largely symbolic as territorial delegates are only allowed to vote on floor amendments, not on the final approval of bills.[8] Nevertheless, the delegates from the Virgin Islands and other United States Territories praised the restoration of voting rights as an opportunity to express the voice of their constituents in the legislative process.[9]

10. The last legislative elections, held on 2 November 2004, resulted in the election of 15 senators, namely, 10 Democrats, 3 members of the Independent Citizens' Movement and 2 non-party affiliates. Although the results suggested a solid Democratic majority in the Legislature, three Democratic senators split with their party after the elections and, together with the Independent Citizens' Movement and the non-party affiliated senators, formed the Consensus Majority.[10] The next legislative elections will be held in November 2008.

11. In the State of the Territory address, in January 2007, Governor deJongh described the State of the Territory as troubling and fragile but expectant of change. He addressed the structural budget deficit, poverty, crime, crumbling infrastructure and inadequate health care and education. Concerning relations with the federal Government, Governor deJongh stated his support for a Virgin Islands Constitution and criticized inappropriate federal involvement in territorial affairs. He made clear, however, that the best way to defend the Territory from a federal takeover was to improve Government efficiency and compliance with both local and federal regulations.[11] During a meeting in Washington, D.C. on 28 February 2007, with the Interagency Group for Insular Areas, which gave governors and others the opportunity to present their priorities before a panel of officials from the federal Government, Governor deJongh spoke of his commitment to a very different relationship between the Territory and the federal Government. "I realize how ineffectual we have been in our dealings with the federal agencies but my objective is to make certain that we can put an end to the federalization of the local Government and I want to know what it will take to get this done", Mr. deJongh said. He also noted that his Administration would respond to audits and to the concerns of the federal agencies, restating the need for the local and federal Governments to work together.[12]

12. The Inter-Virgin Islands Council held its third meeting in St. Thomas in October 2006. It was co-chaired by former Governor Turnbull and Chief Minister Orlando Smith of the British Virgin Islands. The Council discussed ways to

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[7] Ibid., 1 February 2007.
[8] *The New York Times*, 25 January 2007.
[9] *Pacific Magazine*, www.pacificmagazine.net/news, 26 February 2007.
[10] *The Virgin Islands Daily News*, 24 November 2004.
[11] State of the Territory address, 22 January 2007, www.governordejongh.com.
[12] www.caribbeannetnews.com, 2 March 2007.

strengthen ties between the two Territories as well as a number of common issues, such as law enforcement and inter-island transportation.[13]

III. Budget

13. The precarious fiscal condition of the Territory at the end of the 1990s and the measures taken at the federal and local levels to avoid bankruptcy have been described in detail in previous working papers (A/AC.109/2001/3, paras. 13-17 and A/AC.109/2002/4, paras. 13-17). Since 2000, the Territory's budget has been agreed on in the framework of the Office of Insular Affairs 2000-2005 Strategic Plan, which, inter alia, called for all insular Governments to implement long-term plans to improve financial management by 2005. According to the former Governor, his Administration had worked painstakingly to revitalize and strengthen the relationship with the federal Government by completing long overdue audits and bringing the local Government into compliance with federal auditing standards. Newly placed confidence in the Virgin Islands by the federal agencies has reportedly led to an increase in federal grant funding, of approximately 50 per cent, since 1999, reaching $282 million in 2004, according to the United States Secretary of the Interior.[14]

14. According to a recent report by the United States Government Accountability Office, the United States Department of the Interior should, however, do more to assist the Territories with financial management deficiencies. The report cites the serious economic, fiscal and financial accountability challenges faced by the United States Virgin Islands and recommends greater efforts to improve financial reporting through coordination with officials from other federal grant-making agencies.[15]

15. The Government is presently working on the creation of an internal audit unit and a new financial management system.[16] Fiscal audits of federal funds are required for compliance with federal reporting laws and to prevent the Territory from losing federal funds under the Single Audit Act. The fiscal year 2005 audit is scheduled to be completed in May 2007, leaving the Territory one year in arrears.[17]

16. According to information provided by the administering Power, the budget for fiscal year 2007 was approved in the amount of $650 million.

IV. Economy

A. General

17. In 2006, the gross domestic product (GDP) per capita in the Territory was $18,652, which is less than half the average GDP per capita in the continental

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[13] Ibid., 21 October 2006.

[14] Secretary of the Interior, Gale Norton (see http://www.businessopportunitiesconference.com), 24 September 2004.

[15] Department of the Interior: Major Management Challenges, Government Accountability Office, www.gao.gov, 16 February 2007.

[16] *St. Thomas Source*, 26 July 2005.

[17] Information transmitted from the administering Power.

United States.[18] GDP grew by 3.2 per cent in 2005 and was estimated to have grown by 3.6 per cent in 2006. The 2006 growth has been attributed to improved macroeconomic management and record tax revenues due to high oil prices, business investments and real estate development.[19]

18. According to the former Governor, one of the key elements in the Territory's fiscal recovery plan was to strengthen the Economic Development Commission tax incentive programme. Responsible for promoting the development and diversification of the territorial economy, the Commission has operated the programme since 2001 in order to attract new businesses to the Virgin Islands.[20] Commission beneficiaries generated about one third, or $127 million, of all income tax revenues and nearly 8.5 per cent, or 3,000, of jobs in the Islands prior to 2005. However, new federal tax laws introducing stricter requirements to the programme, have had a negative impact on the revenue of the Territory. The firm of PricewaterhouseCoopers, in a study commissioned by the previous Government, assessed that tax losses would be between $83 million and $100 million and that 2,000 to 2,300 jobs could be lost by 2007.[21] However, a recent regulation by the United States Treasury, effective 14 November 2006, which relaxed the rules governing residency requirements under the tax laws, may ease some concerns and allow the Economic Development Commission to rebound.[19]

19. Regarding trade, the United States Virgin Islands is exempt from the Jones Act, which requires that freight moving between United States ports be carried by United States-flagged ships. The Territory benefits from other favourable trade concessions as part of its relationship with the administering Power.

B. Economic sectors

1. Agriculture and fisheries

20. Early in 2005, the Fish and Wildlife Division of the Department of Planning and Natural Resources held public hearings on a draft conservation management plan for the fisheries and marine resources of the Territory. The plan includes information on the distribution and abundance of key species, a description of locations and conditions of key habitats, a description of the key problems of pollution, overfishing, habitat degradation, and proposals for necessary and priority conservation measures to implement the plan.[22]

21. At the beginning of May 2005, the Caribbean Fishery Management Council adopted new fishing regulations with inputs from the Territory's fishermen, including fishing bans of some species and area fishing restrictions.[23] In October 2005, a federal grant of nearly $350,000 was approved for the St. Thomas Fishermen's Association for the development of data on the Territory's marine life

[18] www.caribbeannetnews.com, 21 February 2007.
[19] United States Virgin Islands Economic Review and Industry Outlook, United States Virgin Islands Bureau of Economic Research, www.usviber.org, December 2006.
[20] United States Virgin Islands Economic Development Authority, www.usvieda.org/EDC.
[21] *PricewaterhouseCoopers*, "Economic impact of H.R.4520 on United States Virgin Islands", 12 January 2005 (see www.pwc.com).
[22] *The Virgin Islands Daily News*, 6 April 2005.
[23] Ibid., 4 May 2005.

and the effects of pollution and soil runoff.[24] In December 2005, the Council met again to discuss strategies and new regulations in the next two years aimed at preventing overfishing in both territorial and federal waters.[25]

2. Manufacturing and industry

22. Manufacturing incentives are provided by a trade regime that confers unique advantages on the United States Virgin Islands. Items assembled in the Territory can be exported duty free into the United States, even if up to 70 per cent of the value consists of foreign dutiable components. Other incentives include 90 per cent exemption from local corporate income taxes for 10 to 15 years for new manufacturers.

23. The manufacturing sector exhibited strong growth in 2006. Its major export, refined petroleum, rose sharply in both volume and value, while the number of manufacturing jobs grew by 9 per cent, from 2,170 in 2005 to 2,366 in 2006.[19]

24. The industrial sector remains dominated by Hovensa LLC, the third largest refinery in the Western Hemisphere and the eighth largest in the world. Situated in St. Croix, it produces 500,000 barrels of refined petroleum products daily and is jointly owned by the Amerada Hess Corporation and Petróleos de Venezuela.

25. The rum industry has continued to generate record tax revenues for the Government. The gain is a direct result of a tax rebate formula enacted by Congress in 1999, which expired on 31 December 2005.

26. While continuing to seek a permanent extension, the Government hopes that the rum tax formula will soon be extended retroactively. The Government and partners in the rum industry are also working to extend tariff protection as long as possible, increase the brand identification of Virgin Islands rum and accelerate a shift to the production and sale of non-tariff-sensitive premium rums.[26] In fiscal year 2006, a record 7.7 million gallons of proof rum were shipped to the United States, up 17 per cent over the 2005 figures.[19]

27. Within the framework of the 2006 budget, funds had been earmarked for the Economic Development Authority to promote the Economic Development Commission programme to different types of industries lacking in the Territory. Manufacturing companies were specifically targeted, which could help diversify the economy, make them more competitive and provide more high-paying jobs.

3. Construction

28. The construction sector grew by almost 15 per cent in 2006, supported by major hotel construction, the upgrade and expansion of roads, housing and seaports and the development of commercial and residential properties.[19]

29. The sector is expected to continue growing in fiscal year 2007 due to several new capital projects, such as the Regional Library and Record Centre on St. Thomas, affordable housing development and road construction.[19]

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[24] *St. Thomas Source*, 25 October 2005.

[25] *The Virgin Islands Daily News*, 15 December 2005.

[26] State of the Territory address, 30 January 2006 (www.onepaper.com/stthomasvi)

30. In 2005, the Territory's Legislature considered a number of re-zoning requests to enable the construction of business complexes and residential housing. Support was given to projects to build affordable homes, particularly for low-income and moderate-income families. Construction of the latter started in June 2005 and continued throughout 2006.

4. Tourism

31. The tourism sector, the most important industry of the Islands, experienced more moderate growth in 2006 than in the previous two years. Visitor arrivals totalled 2,574,894.[17] Air visitor arrivals grew slightly, while cruise passenger arrivals fell by 2.4 per cent in fiscal year 2006, though the cruise industry began to rebound in the final quarter of the year.[19]

32. In January 2007, the United States-based Northwest Airlines began a new non-stop service between Detroit and St. Thomas.[27] In 2005, two other United States-based airlines, Delta and Spirit, started services to St. Croix and St. Thomas. According to former Governor Turnbull, the additional airlift capacity has significantly increased the Territory's share of business meetings and conventions.[26] The Territory's Tourism Department continues to run a fully integrated advertising campaign to promote tourism on St. Croix.

C. Finance

33. Financial services companies, many of which are Economic Development Commission beneficiaries, have been important to the Territory's economy. The sector slowed in 2006, however, with job growth of less than 1 per cent. According to the United States Virgin Islands Bureau of Economic Research, the stagnancy of the financial sector is largely due to the 2004 American Job Creation Act, which established additional requirements for residency in the Territory. Those changes have threatened the status of many of the beneficiaries of the programme of reduced taxation run by the Territory's Economic Development Commission as an incentive for corporations to open businesses. A number of businesses have since closed their operations, thereby substantially reducing tax revenues for the Territory.[19]

34. In January 2006, former Governor Turnbull announced the formation of a task force, with a mandate for two years, to study the feasibility of establishing a stock exchange in the Virgin Islands.

35. The Territory received its second investment grade bond rating from Standard and Poor's in September 2006. That rating enables the Government to seek financing at the most favourable interest rates and to issue bonds independently of specific tax revenues.[28] As a result, the Territory has been able to reduce its bond insurance costs by $6 million.[19]

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[27] www.caribbeannetnews.com, 11 August 2006.

[28] www.caribbeannetnews.com, 12 September 2006.

D. Transportation and communications

36. The Territory has five major docking facilities, which can accommodate cruise ships and some naval vessels. Three of the docks are on St. Croix, namely South Shore, Gallows Bay and Frederiksted. The remaining two are on St. Thomas, namely, the facilities operated in Crown Bay by the Virgin Islands Port Authority, a semi-autonomous Government agency, and the Islands-owned West Indian Company.

37. The Port Authority operates two international airports, Cyril E. King Airport on St. Thomas and Henry E. Rohlsen Airport on St. Croix. With regards to public transportation in the Territory, the United States appropriated $2.4 million to enhance the system to upgrade the Islands' VITRAN bus service.[29]

38. On 29 July 2005, Congress passed a highway and transportation bill that earmarked some $115 million for the Territory's roads, including appropriations for two "special" highway projects on St. Thomas and St. Croix. The bill also amended the Territory's designation for federal mass transit funding. The Territory gained the status of an urbanized area, thus enabling increases in funding mass transit in the years to come.

E. Utilities, water and sanitation

39. Electricity is thermally generated using imported fuels. The Virgin Islands Water and Power Authority serves approximately 47,000 customers. Over the last years, the rising cost of oil, tight global supplies, geopolitical uncertainties and the falling value of the dollar prompted hikes in the price of gasoline, electricity and water.[30] To keep utility rates down and alleviate financial losses, the Authority has started to look into enhancing efficiency and finding alternative, renewable sources of power.[31] Efforts have also been undertaken to find an alternative power provider.[32]

40. Owing to limited freshwater supplies, salt water is used extensively for non-domestic purposes, including firefighting and sewerage. The Water and Power Authority desalinates water and collects rainwater for domestic use. A desalination plant on St. Thomas produces 4.45 million gallons per day. Wells, particularly on St. Croix, supply the remainder of the freshwater necessary. Owing to the high cost of water, average daily consumption is about 50 gallons per person per day, about one third the United States average.

V. Military issues

41. As in the mainland United States, homeland security has become a major concern in the Territory. The previous Governor approved more than $200,000 for homeland security operations in the framework of the 2006 budget.[33] His

[29] *St. Thomas Source*, 27 September 2004.
[30] *The Virgin Islands Daily News*, 11 July 2005.
[31] *St. Thomas Source*, 14 and 22 June 2005.
[32] Ibid., 30 November 2005.
[33] Ibid., 15 July 2005.

Government also asked for the return of the Coast Guard to help to stem a flood of illegal immigrants, and advocates for a permanent presence of the United States Customs and Border Patrol on the Islands.[3]

42. The Virgin Islands National Guard has deployed over 300 guardsmen and women to Iraq, Afghanistan, and Guantanamo Bay, Cuba. Soldiers have also been deployed in humanitarian missions to Haiti and in relief efforts to Louisiana following Hurricanes Katrina and Rita.[26]

VI. Social conditions

A. Labour

43. Employers in the Territory must follow federal and territorial labour laws, such as those regulating minimum wages, occupational health and safety standards and payment of Social Security tax and unemployment insurance. In recent years, the Government has focused on reducing employment in all three branches of Government, while promoting private enterprise and investments to create new jobs. The unemployment rate, which stood at 7.4 per cent in 2005, fell to 6.2 per cent in 2006.[17]

44. In 2006, the Territory received a $75,000 grant from the United States Department of Labor to strengthen its unemployment compensation programme. The funds are intended to support the Government in the prevention, detection and recovery of improper benefit payments and the promotion of quick re-employment.[34]

45. Although the cost of living in the Territory increased over the last eight years, salaries in the private sector have not kept pace with rising inflation and have fallen far behind negotiated labour contracts and national standards.[35]

46. In the public sector, however, improved financial conditions permitted the Government to increase the pay scale for Government employees in 2006. Revenues in the amount of $116 million were committed towards upgrading the salaries of classified and unclassified central Government employees, employees of the University of the Virgin Islands and retirees, through the current year. About 85 per cent of these salary increases will affect classified unionized employees.[26] The minimum hourly wage in the Territory was raised by 50 cents in January 2006 and reached $6.15 in January 2007, when an additional 50-cent increase went into effect.[36] In addition, former Governor Turnbull rescinded a year-long reduction in salaries of executive branch employees and approved legislation that increased the minimum annual salary of Government employees from $15,000 to $20,000, beginning 1 January 2007.[4, 37]

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[34] Ibid., 2 October 2006.

[35] *The Virgin Islands Daily News*, 23 April 2005.

[36] *St. Thomas Source*, 4 November 2005.

[37] *The Virgin Islands Daily News*, 7 December 2005.

B. Education

47. Education is compulsory and free for all children between five and a half and 16 years of age. The territorial Department of Education administers 15 schools on St. Thomas, 16 on St. Croix and two on St. John. The 2000 census data, issued in February 2002, reflected school enrolment of children three years and older to total 32,119. Of those, 52.5 per cent attended elementary school, 23.2 per cent attended high school and 9 per cent attended college or graduate school. The census also reported that 60.6 per cent of the population aged 25 and over are high school graduates, while 16 per cent have bachelor's degrees or graduate degrees.

48. In December 2005, the Community Foundation of the United States Virgin Islands published a report, which revealed that nearly half of the Territory's youth aged 18 to 19 did not have a high school diploma and that 10 per cent of teenagers aged 16 to 19 were neither attending school nor working, a number that is slightly higher than the national rate of 9 per cent.[37]

49. At a press conference in February 2007, the United States Virgin Islands Department of Education released a report card on the progress made in educational reforms and on the challenges that remain. According to that document, 16 out of 33 local public schools were meeting proficiency targets established in reading and mathematics. Performance scores for the Territory's seventh, eighth and eleventh-graders were not as high as those for the third through sixth grades. Because of those deficiencies, only seven schools in the Territory were able to meet the adequate yearly progress standards outlined in the Department's Accountability Workbook.[38]

50. Governor deJongh, in his 2007 State of the Territory address, promised an increased focus on the professional development of teachers and on student performance. He outlined plans to give superintendents management responsibility and greater control over teacher recruitment.[11]

51. On 23 September 2005, the Territory's three-year Compliance Agreement with the United States Department of Education to address management problems in the Territory's education funds and programmes expired. While the federal Government recognized that the Virgin Islands Department of Education had made significant progress in achieving the goals set out in the Agreement, it was found to have failed to achieve the most important goal, the implementation of a new, more transparent financial management system, as well as the appointment of a new federal grant manager who was supposed to handle all federal education grants until the new financial management system had been implemented.[39] Since 1 July 2005, all pending and new education grants had been withheld from the Territory to enforce compliance.[40] According to information provided by the administering Power, a new federal grants manager has now been selected, a move which in turn will release over $30 million in withheld federal education grants.

52. The University of the Virgin Islands has campuses on St. Thomas and St. Croix and approximately 2,500 full- and part-time students. It offers bachelor's degree programmes in 33 fields and master's degree courses in education, business

[38] *St. Thomas Source*, 16 February 2007.

[39] *The Virgin Islands Daily News*, 23 June 2005.

[40] Ibid., 5 September 2005.

administration and public administration. The University improved its academic performance and was awarded 32 research grants in 2005 amounting to over $14 million. The University received $1.7 million in federal aid for programme development to bolster the education of black Americans, and got the second instalment of $1.7 million for a federally funded initiative to stimulate competitive research in the Territory.[41]

C. Public health

53. In order to fill gaps in the Territory's health system, the Primary Health Care Office gathered information for a report outlining the Virgin Islands health-care shortages, needs and challenges. The report, compiled by the State University of New York, revealed a shortage of trained health-care workers, lack of education programmes, a limited health-care infrastructure and funding constraints. The Territory's per capita health workforce was smaller and was paid less compared to that of the United States as a whole. Some 24 per cent of the Territory's population or 26,000 Islanders did not have health insurance, and both the annual limit on federal contributions to the Territory's Medicaid programme and the high percentage of uninsured residents had a negative financial impact on health-care providers, particularly hospitals.[42]

54. A new Virgin Islands cardiac centre in St. Croix is currently under construction and scheduled for completion in October 2007. At a cost of $24 million, the centre will provide cardiac services and interventions to the residents of the United States and British Virgin Islands.[43]

55. The Territory continued, in 2005, to have the highest number of confirmed HIV cases per 100,000 United States citizens, with 862 people who have been diagnosed with HIV/AIDS.[44] Local public health officials are working to combat the stigma and prejudice linked to HIV/AIDS and raise the level of education and awareness among those who go untested and untreated. The Department of Health has revamped and reorganized its programme addressing HIV/AIDS. With $2.3 million in federal grants, the Department is focusing on early intervention and community outreach programmes.[26]

56. The Department of Human Services continued to provide services for the neediest residents of the Territory. According to the previous Governor, the Department's success was reflected in the decline in the number of welfare recipients by 70 per cent over the five-year period, from 2,900 individuals in 2000 to 496 in 2005.[26] The Department has also been designated as the lead agency to coordinate efforts in the Territory to prevent and end chronic homelessness, which has been associated with poverty, mental illness and substance abuse. Efforts have been under way to finalize an action plan for inclusion in the budget for fiscal year 2007.[26, 45]

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[41] Ibid., 19 and 20 July 2005.
[42] Ibid., 29 May 2005 and 1 August 2005.
[43] www.caribbeannetnews.com, 26 January 2007.
[44] Ibid., 8 December 2005.
[45] *The Virgin Islands Daily News*, 19 May 2005.

57. The report of the Community Foundation mentioned above (see para. 48) showed that almost one third of the Territory's children live in poverty, a slight increase over last year and almost double the national average of 18 per cent. St. Croix had the highest proportion of children living in families headed by single mothers, with 41 per cent, followed by St. John, with 32 per cent, and St. Thomas, with 28.1 per cent. Some 10.7 per cent of infants born were low birthweight babies, defined as weighing less than 5.5 pounds. Birthweight was directly related to survival, development and continuing overall health.[46]

D. Human rights and related issues

58. Information concerning human rights and related issues can be found in the 2003 working paper (A/AC.109/2003/1, para. 43).

E. Crime and crime prevention

59. In his 2007 State of the Territory address, Governor deJongh called crime one of the primary social problems facing the Territory. He pledged to hire more police officers and to prioritize the solution of unresolved crime and treatment of incidents of domestic violence.[11]

60. In February 2007, the Governor announced plans for an anti-crime initiative with the appointment of a new police commissioner and two district police chiefs. Additional prosecutors and a police recruiter will be hired and trained, and a new forensic unit will be built within the next three years. In addition, a new territory-wide emergency "911" telephone system will be established.[47]

61. Nevertheless, high crime rates remain a matter of concern in the United States Virgin Islands.

VII. Environment

A. Protection of natural resources

62. According to the Environmental Protection Agency's Region 2 State of the Environment Report (1998), the ecosystems of the Caribbean islands face threats not only from natural disasters, such as hurricanes, but also from human impacts, such as improperly treated sewage, extensive land conversion and deforestation, over-fishing and tourism-related activities. Conversely, protecting the ecosystems is important if economy-generating tourism is to be maintained. Governor deJongh, in his 2007 State of the Territory address, emphasized the need to simultaneously protect the environment and encourage economic growth, particularly in the tourism industry.[11]

63. Nevertheless, a study by the National Oceanic and Atmospheric Administration concluded in August 2005 that the Territory's coral reefs were affected by at least 10 categories of stress, including climate change, disease,

[46] Ibid., 7 December 2005.

[47] www.caribbeannetnews.com, 22 February 2007.

tropical storms, coastal development and runoff, coastal pollution, and tourism and recreation. Those ecological challenges were discussed by the United States Coral Reef Task Force at its October 2006 meeting in St. Thomas, where it called for increased public-private partnerships to address reef degradation.[48]

64. In September 2005, the Trust for Public Land, a non-profit land conservation organization, announced plans to purchase and preserve 415 acres on the Island of St. John, to be added to the Virgin Islands National Park. Once the acquisition is complete, the park will comprise 70 per cent of the land on the island.[49]

B. Disaster preparedness

65. The United States Virgin Islands faces recurrent hurricanes and flooding, in addition to being located within an earthquake-risk zone. The Federal Emergency Management Agency provides programmes of mitigation, preparedness, response and recovery in the Territory through the Virgin Islands Territorial Emergency Management Agency. In July 2006, the Territorial Agency trained a group of 60 volunteers, forming a Community Emergency Resource Team to assist in the recovery and response to emergencies.[50]

VIII. Future status of the Territory

A. Position of the territorial Government

66. At the 12th meeting of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, on 16 June 2006, a representative of the United States Virgin Islands made a statement (see A/AC.109/2006/SR.12).

67. In that statement, the representative reviewed the resolutions that the Special Committee had adopted with respect to the Territory since the present territorial Government's assumption of office in 1999, and said that he believed that their non-implementation remained a significant obstacle to the realization of decolonization.

68. Speaking before the Special Political and Decolonization Committee (Fourth Committee) at its 6th meeting, on 6 October 2006 (see A/C.4/61/SR.6), the representative of the United States Virgin Islands noted that the lack of implementation continued to delay the decolonization mandate.

69. At the Pacific regional seminar on decolonization, held in Yanuca, Fiji, from 28 to 30 November 2006, the representative of the Territory stated that the drafting of a local constitution for the United States Virgin Islands should precede any determination of permanent political status. He noted that a constitution must be written within the framework of the laws of the administering Power and in recognition of the applicability of the territorial clause of the United States

[48] United States Department of the Interior Press Release, 3 November 2006.
[49] www.caribbeannetnews.com, 25 September 2006.
[50] *St. Thomas Source*, 15 July 2006.

Constitution. He also called for continued oversight by the United Nations of the Territory's progress on Decolonization.[51]

B. Position of the administering Power

70. Speaking before the Special Political and Decolonization Committee (Fourth Committee) at its 6th meeting, on 6 October 2006 (see A/C.4/61/SR.6), the representative of the United States addressed a procedural matter regarding the request of a United States Virgin Island resident to address the Committee in an official capacity, saying that the Territory was an insular territory of the United States. The Government of the United States, as administering Power, therefore, had sole jurisdiction over foreign representation of the islands. He noted that the representative of the United States Virgin Islands was not a member of the United States delegation and had no standing in an official capacity. Nevertheless, he added, in a spirit of cooperation and in order to expedite the important work of the Committee, his delegation would not object to the representative addressing the Committee, adding that this, however, should not be viewed as his delegation's final views on the matter.

71. In a letter dated 2 November 2006, to an American Samoa congressman, Jeffrey T. Bergner, Assistant Secretary of State for legislative affairs, outlined the position of the United States Government on the status of American Samoa and other United States Insular Areas. In his letter, the Assistant Secretary noted that the status of those Insular Areas, regarding their political relations with the federal Government, were United States internal issues and not those of the Special Committee on Decolonization. In his letter he also noted that the Special Committee had no authority to alter in any way the relationship between the United States and those Territories and no mandate to engage the United States in negotiations on their status. In his letter he further stated that, at the same time, under its obligations under the Charter of the United Nations to provide regularly to the United Nations statistical and other information of a technical nature relating to economic, social and educational conditions in the territory, the federal Government did submit annual updates about the United States Territories to the Special Committee as a demonstration of United States cooperation as an administering Power. The annual reports were also an opportunity to correct any errors in information the Special Committee might have received from other sources. The General Assembly had agreed in 1960 to a set of principles governing whether a territory was Non-Self-Governing and the United States would have to provide the Special Committee with information showing that those principles were satisfied before the Committee would agree to "de-list" those Insular Areas.[52]

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[51] See Report of the Pacific regional seminar on the implementation of the Second International Decade for the Eradication of Colonialism — priorities for action, *Official Records of the General Assembly, Sixty-first Session, Supplement No. 23A* (A/61/23/Add.1).

[52] http://samoanews.com, 7 November 2007.

C. Action taken by the United Nations

1. Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

72. At its 12th meeting, on 16 June 2006, the Special Committee on Decolonization adopted draft resolution A/AC.109/2006/L.9, without a vote.

2. General Assembly

73. On 14 December 2006, the General Assembly adopted with a vote of 173 to none, with 4 abstentions, resolutions 61/128 A and B. Section XI of resolution 61/128 B is devoted specifically to the United States Virgin Islands.